

NAVAL POSTGRADUATE SCHOOL

Monterey, California



THESIS

**THE BALTIC REPUBLICS: PRIORITIES FOR WESTERN
INTEGRATION**

by

Zachary C. McMechan

June 2001

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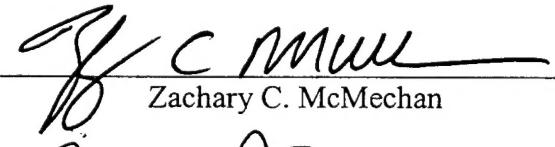
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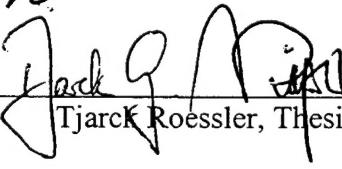
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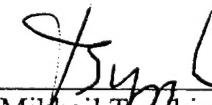


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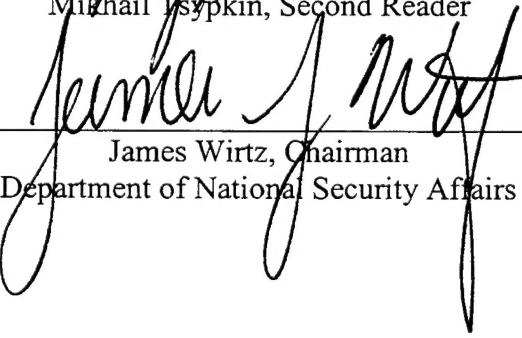
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ABSTRACT

This thesis explores the growing realization that the Baltic republics are not the same, and should not be treated as a single regional bloc. At the same time, merely realizing the existence of different priorities for integration with the West is not enough. The time is fast approaching when Western European institutions will offer the three Baltic republics the opportunity for full membership. Despite this approaching deadline, important questions remain unanswered. This thesis answers these questions by examining the policies enacted by the Baltic republics since 1995 to further their goal of integration with the West.

This thesis focuses on policies and decisions regarding the European Union and NATO, since these are the most important Western European institutions. This thesis will identify the priorities that each of the Baltic republics has established for integration and trace important changes in these policies over the course of the decade. In the final analysis, an assessment will be made of possibilities for integration of each republic based on these priorities, and what integration might mean for Europe.

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EXECUTIVE SUMMARY

Since their annexation by the Soviet Union during World War II – as a result of the secret agreement concerning the division of Eastern Europe into spheres of influence between the German Reich and the Soviet Union in 1939, and their integration as Soviet republics in 1940 – the United States and the nations of Western Europe viewed the three Baltic republics, Estonia, Latvia, and Lithuania, as a single bloc within the Soviet Union.

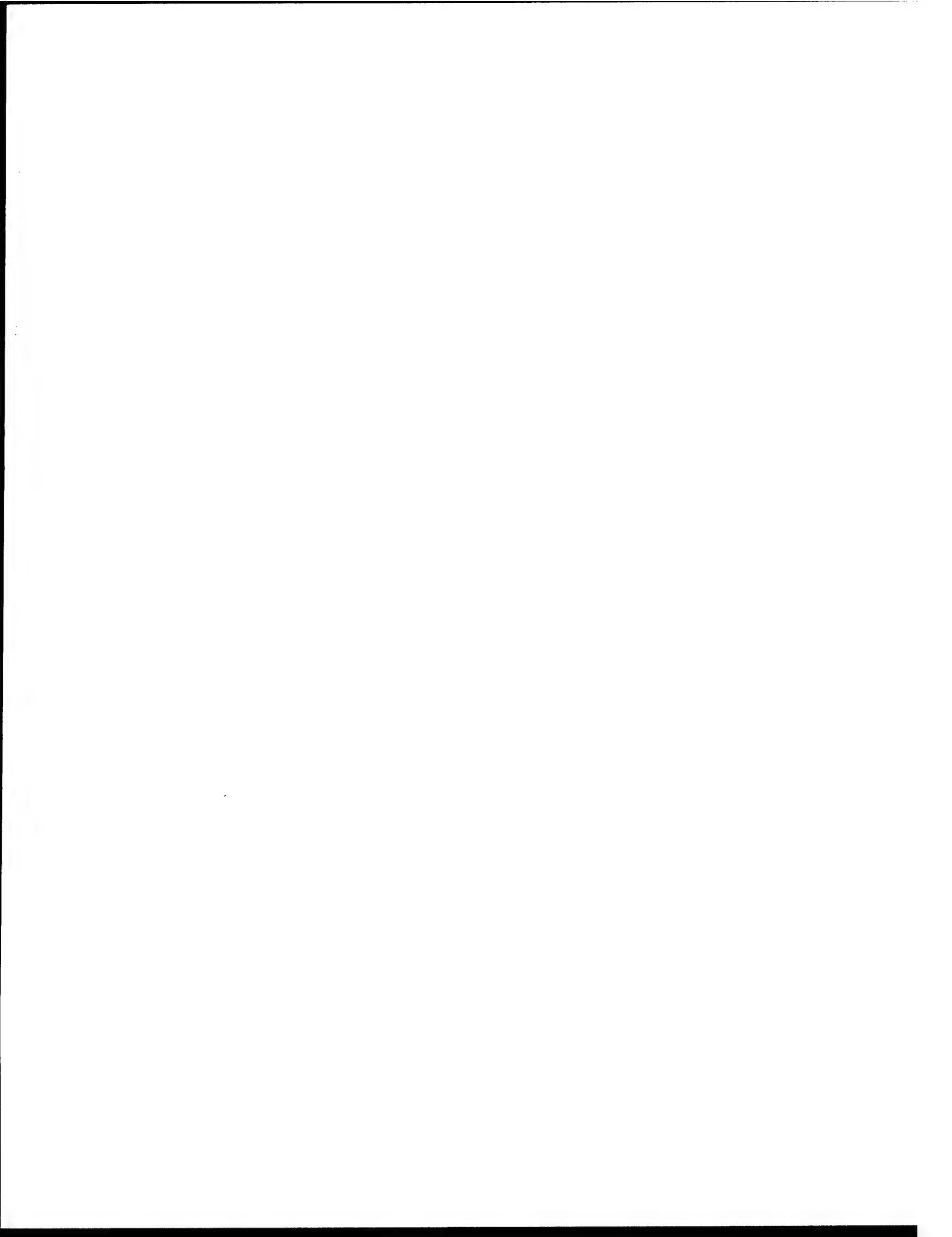
Rarely was any one of these countries spoken of without mentioning the other two. The Baltic republics further solidified this image by acting and “thinking” as one in their collective quest to regain their independence from the USSR. Because of these activities, the West designed policies toward the Baltic republics as if the republics were a kind of single state with singular interests, concerns, and desires for the future.

This thesis explores the notion that the Baltic republics are not the same, are not interchangeable, and should not be treated as a single regional bloc. At the same time, merely realizing the existence of different priorities for integration with the West is not enough. The time is fast approaching when Western European institutions will offer the three Baltic republics the opportunity for full membership. In spite of this approaching deadline, important questions concerning this integration remain unanswered. For example, is it possible to admit one, or even two, of the three republics without creating new or exacerbating old tensions in Eastern Europe? Are all three of the republics even going to be ready for full membership, and if not, which might be suited for membership and which ones not? Do one or more of them desire to remain associate members or observers for the time being? How will the Russian Federation react to the admission of

one or more former Soviet republics to Western institutions? This question is especially important with respect to the admission of Lithuania, which, together with Belarus, separates the Russian Federation from its Kaliningrad Oblast.

This thesis answers these questions by examining the actions taken and the policies enacted by the Baltic republics since 1995 to further their goal of integration with the West. The year 1995 was chosen because it is the year in which all three of the Baltic republics had joined NATO's Partnership for Peace (PfP) program, which is one of the essential requirements for countries seeking admission to the Alliance, and had signed Europe Agreements with the EU signifying their interest in working toward admission to that institution. This examination will primarily focus on policies and decisions regarding the European Union and NATO, since these are the two largest and most important Western European institutions. From this examination, it should be possible to determine the priorities that each of the Baltic republics has established for integration, and to trace any important changes in these policies over the course of the decade. An assessment will be made as to possibilities for integration for each of the republics based on these priorities, and what integration might mean for Europe as a whole.

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I. INTRODUCTION

A. BACKGROUND

Since their annexation by the Soviet Union during World War II – as a result of the secret agreement concerning the division of Eastern Europe into spheres of influence between the German Reich and the Soviet Union in 1939, and their integration as Soviet republics in 1940 – the United States and the nations of Western Europe viewed the three Baltic republics, Estonia, Latvia, and Lithuania, as a singular bloc within the Soviet Union.¹ Rarely was any one of these countries spoken of without mentioning the other two. The Baltic republics further solidified this image by acting and “thinking” as one in their collective quest to regain their independence from the USSR. Because of these activities, the West designed policies toward the Baltic republics as if the republics were a kind of single state with singular interests, concerns, and desires for the future. Furthermore, because of the way in which the Soviet Union gained control over them through the secret protocols of the Molotov-Ribbentrop Pact, the United States, in particular, never considered the Baltic republics a “real” part of the Soviet Union.² This

¹ Estonia, Latvia, and Lithuania were relegated to the Soviet sphere of influence in Central and Eastern Europe by the secret protocol of the “Treaty of Non-Aggression between Germany and the Union of Socialist Soviet republics,” the so-called Molotov-Ribbentrop Pact, signed on 23 August 1939, and the “Boundary and Friendship Treaty” signed on 17 September 1939. The Soviet Union accomplished the occupation and incorporation of the Baltic republics by accusing them of plotting aggression against the USSR, providing a pretext for invasion in June 1940. – Izidors Vizulis, *The Molotov-Ribbentrop Pact of 1939: The Baltic Case* (New York: Praeger, 1990), 15-19, 30.

² The United States extended full, unrestricted, and unconditional recognition of Estonian, Latvian, and Lithuanian independence on 28 July 1922. This recognition was never rescinded, nor was recognition of the Soviet Union’s annexation of the three republics ever granted: In 1952, President Truman spoke of “...revulsion at the acts of the sovereign power, whose forcible incorporation of the Baltic States we have never recognized....” In 1966, Vice-President Hubert Humphrey: “Our government has soundly refused either to condone or to accept the forced illegal annexation of the Baltic Nations and their territories into the Soviet Union.” Secretary of State George P. Schultz, in 1988: “We have never recognized the forcible incorporation of Latvia into the Soviet Union, nor will we do so.” Secretary of State James A. Baker, III, echoed this sentiment exactly to the Charge d’Affaires of Lithuania and the Consul General of Estonia in February 1989. The government of Canada, the United States House of Representatives, and the Council of Europe have made similar statements. – *ibid.*, 135-144.

situation changed when the Soviet Union crumbled in the early 1990s; an event spurred, in part, by the Baltic republics' declarations of independence, which Moscow officially recognized and accepted in 1991.

Throughout the decade of the 1990s, the West continued to view the Baltic republics as a singular unit, but increasingly, the West has begun to recognize that each of the republics is a separate actor on the world stage. The recent adoption of a number of cooperative measures by Estonia, Latvia and Lithuania aimed at improving their chances for gaining admission to Western European security and economic institutions have muddled this situation. These measures – to include the military measures, the Baltic Peacekeeping Battalion (BALTBAT), the Baltic Naval Squadron (BALTRON), and the Baltic Defense College (BALTDEFCOL) – are in no way a substitute for admission into western institutions. Instead, they serve as a means for the Baltic republics to better prepare their own governments, economies, and societies to meet the rigorous standards established by NATO and the European Union (EU). It is in this way and this way alone, that the interests of Estonia, Latvia, and Lithuania coincide. Each of the three republics pursued its own path toward independence from the Soviet Union and each one continues to pursue its own path toward western integration.

This thesis explores the notion that the Baltic republics are not the same, are not interchangeable, and should not be treated as a single regional bloc. At the same time, merely recognizing the existence of different priorities for integration with the West is not enough. The time is fast approaching when Western European institutions will offer the three Baltic republics the opportunity for full membership. In spite of this approaching deadline, important questions concerning this integration remain

unanswered. For example, is it possible to admit one, or even two, of the three republics without creating new or exacerbating old tensions in Eastern Europe? Are all three of the republics even going to be ready for full membership, and if not, which might be suited for membership and which ones not? Do one or more of them desire to remain associate members or observers for the time being? How will the Russian Federation react to the admission of one or more former Soviet republics to Western institutions? This question is especially important with respect to the admission of Lithuania, which, together with Belarus, separates the Russian Federation from its Kaliningrad Oblast.

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B. METHODOLOGY

The integration priorities of the three Baltic republic are shaped by their policies toward the two major Western European institutions, the EU and NATO. This thesis explores the integration priorities geared toward these two institutions because the EU and NATO are the most important institutions involved in European security and stability today. An argument could be made for examining the possibility of integration with other European institutions, such as the Organization for Security and Cooperation in Europe (OSCE) or the Council of Baltic Sea States (CBSS), but neither of these institutions operates on the same scope and scale as do the EU and NATO. The EU has absorbed the Western European Union (WEU) as the basis for a proposed, though currently unrealized, EU military capability. It is unlikely that this capability will be fielded in the near future, and it is equally unlikely that it would be capable initially to provide the sort of guarantees the Baltic republics seek. The OSCE, for its part, is an organization with a rich past and potential for a promising future, but it lacks strong support from the major European powers, who tend to look to NATO for security and stability. While it is likely that the OSCE will remain a fixture in European stability in the future, it is unlikely that it will ever rise to NATO's status, or subsume the responsibilities of the Alliance anytime soon. In any case, all three Baltic republics already belong to and are active members of the OSCE. Their priorities toward that organization have thus been established.

Based on these criteria, the methodology involved in this thesis involves two steps. The first step is to examine the requirements for admission established by both the EU and NATO. By examining these requirements, it will be possible to establish a baseline against which the domestic policies of the Baltic republics toward these two

institutions can be compared. The second step involves the comparison of Baltic domestic policies to these established membership requirements. Through this comparison, it should be possible to determine the priorities that each of the Baltic republics has established for integration.

One difficulty that may occur in this analysis is the possibility of overlapping interests of both the EU and NATO. Both institutions promote security and stability in Europe, and both promote respect for the rule of law and the strengthening of democracy as means toward creating security and stability. Despite these similarities, however, NATO and the EU have very different agendas for their members. In spite of its recent expansion into peacekeeping and humanitarian missions, NATO is essentially a military alliance that uses democracy and the rule of law as guiding principles for the conduct of its members' military forces. The EU, on the other hand, is an economic union that is slowly growing into a political union, in which democracy and the rule of law promote the stability necessary for economic markets and free trade to flourish. While it may be difficult to assess these differences at first glance, this thesis will assess the sum total of all of the policy decisions made by each of the Baltic republics to determine a pattern in policy considerations.

1. Membership Requirements of the European Union

The quest for European unity began in the wake of World War II as the nations of Europe struggled to find a way in the future to avoid the misery and destruction wrought by two World Wars. British Prime Minister Winston Churchill first proposed the idea for a "United States of Europe" in 1946. Although this idea never developed in quite the way that Churchill hoped, European unity did develop into its present form through the

creation of the European Coal and Steel Community in 1952, the European Community in 1958 and the Single European Act in 1987. From these somewhat humble beginnings, the idea of European integration culminated in the signing of the Maastricht Treaty, which created the European Union, in 1993. Regardless of its name, or the number or composition of its member states, the idea of the EU has always embodied a quest for peace and stability on the European continent through economic and political means. The central idea has been that by erasing boundaries between the countries of Europe, all Europeans will come to see that they have more in common with one another and are stronger as a whole than they are as individuals, than they have previously believed. All of these institutions sought to promote stability and peace in Europe.

Since the end of the Second World War, three treaties have formed the basis for the idea of European unity:

- The Treaty establishing the European Coal and Steel Community (ECSC), signed in Paris and entered into force on 23 July 1952,
- The Treaty establishing the European Community, signed in Rome and entered into force on 1 January 1958, and
- The Treaty establishing the European Atomic Energy Community (EURATOM) signed in Rome and entered into force on 1 January 1958.

These founding treaties have been amended on several occasions since their signing, in particular when new member states acceded in 1973, 1981, 1986, and 1995. In addition, three other treaties that introduced major institutional changes and new areas of responsibility for the European institutions were signed and entered into force in the last two decades:

- The Single European Act (SEA), signed in Luxembourg and The Hague and entered into force on 1 July 1987,
- The Treaty on European Union, signed in Maastricht and entered into force on 1 November 1993,

- The Treaty of Amsterdam, which strengthened the three pillars of the European Union (the European Communities, the common foreign and security policy, and cooperation in the fields of justice and home affairs), entered into force on 1 May 1999.

Finally, the Treaty of Nice, agreed upon at the European Council on 7-9 December 2000 and signed on 26 February 2001, amends the existing treaties, and provides guidelines for the current round of expansion negotiations. It will enter into force once the EU's 15 member states have ratified it.³

The European Union has already gone through four rounds of enlargement since its inception as the European Coal and Steel Commission. In 1973, Denmark, Ireland, and the United Kingdom joined the European Community, followed by Greece in 1981, Spain, and Portugal in 1986, and Austria, Finland, and Sweden in 1995. As the twenty-first century dawns, the Union is preparing to enlarge once again, with 13 aspirants seeking admission. At its 1997 Luxembourg Summit, the EU decided on the format of the current enlargement process, and, on 31 March 1998, formally launched accession negotiations with six of the countries seeking membership, including Estonia.⁴ The European Commission later recommended, in an October 1999 composite paper, to open accession negotiations with Latvia and Lithuania.

The European Council established the basis for these negotiations at its 1993 Copenhagen Summit. In Copenhagen, the Council indicated that accession would become a possibility for each aspirant when it was able to assume the obligations of membership

³ The European Union, "European Treaties," available [online]:
http://www.europa.eu.int/abc/treaties_en.htm

⁴ The European Commission, "EU Enlargement – A Historic opportunity," available [online]:
<http://europa.eu.int/comm/enlargement/intro/index.htm>

by satisfying the economic and political conditions required.⁵ In broad terms, these membership criteria, known as the Copenhagen Criteria, require that the candidate country has achieved:

- Stability of institutions guaranteeing democracy, the rule of law, human rights, and respect for and protection of minorities;
- The existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union;
- The ability to take on the obligations of membership including adherence to the aims of political, economic, and monetary union.⁶

In addition, each candidate country must demonstrate that it has

- Created the conditions for its integration through the adjustment of its administrative structures, so that European Community legislation transposed into national legislation is implemented through appropriate administrative and judicial structures.⁷

Taken at face value, these requirements appear to be relatively benign, but for countries that until very recently have been ruled by authoritarian regimes and have operated under command economies, they can be daunting tasks. Indeed, for many of the candidate countries, meeting these requirements has meant an almost complete overhaul of government, economy, and society.

2. Membership Requirements of NATO

Enlargement of the NATO Alliance is addressed in Article 10 of the Washington Treaty that established the Alliance. Article 10 states, “The Parties may, by unanimous

⁵ The European Commission, “Accession Criteria,” available [online]:
<http://europa.eu.int/comm/enlargement/intro/criteria.htm>

⁶ ibid.

⁷ ibid.

agreement, invite any other European State in a position to further the principles of this Treaty and to contribute to the security of the North Atlantic area to accede to this Treaty.”⁸ NATO began its process of enlargement in 1952 with the accession of Turkey and Greece, followed by West Germany in 1955, and Spain in 1982; the issue came under consideration again in the early 1990s following the dissolution of the Soviet Union and the Warsaw Pact. The Alliance codified its expansion plans, in the form of the Open Door Policy and embodied in its new Strategic Concept and the Membership Action Plan, at the 1999 50th anniversary summit held in Washington, DC. The new Strategic Concept states, “No European democratic country whose admission would fulfill the objectives of the Treaty will be excluded from consideration [for membership].”⁹ NATO displayed its adherence to these ideals in 1999 when Hungary, Poland, and the Czech Republic were admitted as new members.

Given that NATO is open to the enlargement of the Alliance, the membership requirements established by NATO for new members must be examined. NATO first laid ground with its “Enlargement Study” and later established the Membership Action Plan (MAP) at the Washington Summit as a method of assisting aspiring countries in their preparations for possible future membership in the Alliance.¹⁰ Although the MAP provides a list of issues that aspiring countries must address, the MAP is in no way intended to be a list of criteria for membership. In other words, successfully addressing all of the issues outlined in the MAP provides no guarantee that the Alliance will extend a

⁸ North Atlantic Treaty Organization, *The NATO Handbook* (Brussels: NATO Office of Information and Press, 1998), 398

⁹ North Atlantic Treaty Organization, *The Reader's Guide to the NATO Summit in Washington, 23-25 April 1999* (Brussels: NATO Office of Information and Press, 1999), 54

membership invitation to any aspirant. Having stated that, the MAP provides the best “road map” for countries seeking to gain admission to the Alliance.

The MAP divides the issues that aspiring members must address into five categories:

- Political and Economic Issues
- Defense/Military Issues
- Resource Issues
- Security Issues
- Legal Issues

A complete list of all of the issues encompassed by each of these categories is too cumbersome to reproduce here. For the purposes of establishing the membership requirements for aspiring members, a sampling of issues from each of the MAP categories follows:

- Political and Economic Issues.
 - Aspirants must conform to the basic principles embodied in the Washington Treaty, such as the principles of democracy and the respect for individual liberty.
- Defense/Military Issues.
 - Aspirants must be willing and able to contribute militarily to collective defense and to the Alliance’s new missions. They must also commit to gradual improvements in their military capabilities.
 - Full participation in operational Partnership for Peace is essential.
 - Aspirants must be prepared to share the roles, risks, responsibilities, benefits, and burdens of common security and collective defense. They must also be willing to subscribe to Alliance strategy as set out in the Strategic Concept.

¹⁰ ibid., 73

- Resource Issues
 - Aspirants are expected to be able to commit sufficient budget resources to allow themselves to meet the commitments entailed by membership. They must also plan and implement defense budgets that meet established defense priorities and make provisions for training with NATO forces.
- Security Issues
 - Aspirants must be able to provide sufficient safeguards and procedures to ensure the security of the most sensitive information as laid down in NATO security policy.
- Legal Issues
 - Aspirants must examine and become acquainted with the appropriate legal arrangements and agreements that govern cooperation within NATO. They must scrutinize domestic law for compatibility with NATO rules and regulations.¹¹

In addition to meeting the requirements of the issues outlined in the MAP, aspirants must also agree to comply with the other parts of the NATO “acquis.” These parts include NATO’s Strategic Concept, the development of the European Security and Defense Identity (ESDI) within the Alliance, the NATO-Russia Founding Act, and the NATO-Ukraine Charter.¹²

C. THE WAY AHEAD – AN OUTLINE FOR THE REMAINDER OF THE THESIS

This chapter, Chapter I, is the introductory chapter for this thesis. Chapter I provides the basic background of the question to be answered and the methodology to be used in arriving at that answer. As part of this methodology, the first chapter examines the membership requirements established by the European Union and NATO for prospective members. These membership requirements provide the essential baseline

¹¹ ibid., 74-78

¹² ibid., 75. The Membership Action plan is presented, in full, as Appendix A.

against which domestic policy considerations will be compared to determine integration priorities of the three Baltic republics. Additionally, it provides an outline of the remaining chapters in the thesis.

Chapter II, Estonian Priorities for Integration, examines the domestic policy decisions that Estonia has made in recent years toward integration with Western Europe. Estonia is the smallest of the Baltic republics and is unique among them in that it was able to regain its independence from the Soviet Union without facing the sort of violence that characterized the independence movements in Latvia and Lithuania. Like Latvia, and in contrast to Lithuania, Estonia has taken strong efforts in the past decade to limit the ability of non-natives to participate in the political process. Estonia is also the most western leaning of the three Baltic republics, a factor that makes it especially appealing for integration in western institutions. All of these factors play an important role in shaping Estonia's policies concerning Western Europe.

Chapter III, Latvian Priorities for Integration, examines Latvian domestic policy decisions toward integration with Western Europe. In contrast to the experience of Estonia in the early 1990s, Latvia faced difficult times during this period. During the Soviet period, Latvia was much more heavily "colonized" by immigrants from the Soviet Union, to the point that Latvians became a minority in most urban areas. In addition, the Soviets were much more ruthless in their repression of Latvia than the other Baltic republics during this period. Consequently, Latvian independence movements were less vociferous than their Estonian and Lithuanian counterparts, leading some to believe that Latvians valued independence less than the other two Baltic republics. Decisions regarding her minority population of ethnic Russians and the presence of significant

numbers of Russian troops stationed on Latvian soil posed significant problems for the newly independent state, including violent efforts to prevent Latvian independence from being realized. These problems were not fully resolved until 1994 when a citizenship law was passed that dealt with the minorities, and an agreement between the Latvian Saeima and the Russian Duma was reached regarding the withdrawal of Russian troops. Like the rest of the Baltic republics, Latvia faces difficult questions regarding her place in Europe, questions that she has yet to answer.

Chapter IV, Lithuanian Priorities for Integration, examines Lithuanian domestic policy decisions toward integration with Western Europe. Lithuania has struggled for its existence for hundreds of years. For a large part of the 18th and 19th centuries, Lithuania formed a constituent part of either Poland or Russia. Following the brief period of independence between the two World Wars, Lithuania formed a part of the Soviet Union. Independence has thus been a dream that has been a long time coming. Like Latvia, Lithuania has a large ethnic Russian minority population, had to deal with Russian troops stationed in Lithuania after independence, and was the subject of violent attempts by the Russian Federation to prevent her from gaining independence. Additionally, Lithuania neighbors the Kaliningrad Oblast, a situation that has required making arrangements for Russian troops and supplies to traverse Lithuanian and Belarusian territory to maintain this exclave. Despite this, or perhaps because of it, Lithuania has pursued policies of inclusion for its ethnic minorities. Consequently, the Russian Federation, and those ethnic Russians living in Lithuania, plays a major role in Lithuania's policies and decisions.

Chapter V, An Assessment of Baltic Priorities for Integration, evaluates the policy choices each of the Baltic republics has made during the 1990s. From this evaluation, an

assessment can be made of the priorities that each of the Baltic republics has chosen regarding its integration with Western Europe. In addition to this evaluation, an assessment will be made regarding the possible ramifications of integration and what these priorities and policies might mean for Europe as a whole.

II. ESTONIA'S PRIORITIES FOR INTEGRATION

A. INTRODUCTION: WHY WOULD ESTONIA WANT TO INTEGRATE WITH WESTERN EUROPE?

Estonia, like its neighbors Latvia and Lithuania, had to start from scratch following independence in 1991. At that time, primarily due to its recent history as part of the highly centralized Soviet system, Estonia lacked working state institutions, a world-wide network of diplomatic services, armed forces, its own currency, a constitution, and up-to date legislation on par with other European democratic, market-oriented states.¹³ Soviet occupation held Estonia back decades when compared to her European neighbors, and ensured that she could not survive in the Europe of the late twentieth century on her own. Partly because of this fact, and partly because of a perceived historical and legal continuity of Estonian statehood and Estonia's historical experience with Western Europe, Estonia became arguably the most Western oriented of the three Baltic republics. None of these factors completely explains Estonia's Western orientation in and of itself, but taken together they do provide a good explanation of why Estonia would seek integration with Western Europe.

1. Historical and Legal Continuity

Estonia does not have a long history of independent statehood. For the better part of two and a half centuries, Estonia formed a constituent part of the Russian Empire and its successor, the Soviet Union. In fact, the sum total of Estonia's independent history encompasses approximately 22 years, from 1918 to 1940. Despite this limited amount of independence in her past, Estonia does not view herself as the legal successor state of the

¹³ Western European Union Institute for Strategic Studies, "The Baltic States: Security and Defense

Estonian Soviet Socialist Republic. Instead, the Estonian state that gained independence in August 1991 saw itself as the successor to the independent Estonian State of the inter-war years.¹⁴ This notion of the historical and legal continuity of the Estonian state forms the foundation upon which current political thinking and decision-making are based, in particular with regard to foreign policy decisions.¹⁵

Although Estonia harbors relatively naïve beliefs about the nature of her past, she realized during the early part of the 1990s that notions of historical and legal continuity have little significance with regard to security concerns at the dawn of the twenty-first century. Estonian concepts of security were simplistic and one-dimensional following independence; military strength and force were considered crucial elements in the defense of Estonian independence through the middle part of the 1990s.¹⁶ The second half of the 1990s brought a growing realization that the basis for security in Europe today rests on more than the size and strength of one's military. Estonia was not strong enough, big enough, or rich enough to make her own way in the world today. Cooperation with the rest of Europe and integration with Western European political, economic, and security structures had become a necessity for survival.¹⁷

after Independence," (Brussels: WEU, 1995), 21

¹⁴ Graham Smith, Aadne Aasland, and Richard Mole, "Statehood, Ethnic Relations, and Citizenship," in *The Baltic States: The National Self-Determination of Estonia, Latvia, and Lithuania*, Graham Smith, ed. (Cambridge; New York: St. Martin's Press, 1994), 185

¹⁵ "The Baltic States: Security and Defense after Independence," 22. For example, in August 1990, one year before actual independence from the Soviet Union, the Supreme Council of the Republic of Estonia adopted the Resolution on "Relations with the Republic of Estonia and the USSR" which resolved to proceed from the Tartu Peace Treaty of 02 February 1920 between Estonia and Russia and other valid treaties that were signed with the USSR before 1940.

¹⁶ "Security for us is our sovereignty," T. Kelam, Deputy Speaker of the Estonian Parliament, on the occasion of Estonia's admission to the Council of Europe, 14 May 1993. *ibid.*

¹⁷ In February 1995, Ulo Nugis, Speaker of the Estonian Parliament, said: "Having learned our lessons

2. Historical Experience

A second explanation for Estonia's western orientation centers on her past experience with Western Europe. During her previous period of independence, Estonia maintained diplomatic missions in 10 European capitals, as well as in other parts of the world. Estonia was also a member of the League of Nations, having joined in September 1921.¹⁸ Consequently, despite a relatively short period of independence, Estonia has a history of diplomatic ties with Western Europe and of participation in Western security institutions. Following independence, many of Estonia's former diplomatic ties picked up where they left off in 1940. The countries of the European Commission and the Nordic countries announced the resumption of normal diplomatic relations shortly after Baltic independence. The United Nations admitted Estonia on 17 September 1991, and the Council of Europe did so in May 1993.¹⁹ This historical diplomatic experience with Western Europe added to the idea of historical and legal continuity has undoubtedly contributed to Estonia's desire to integrate in some way with Western Europe.

B. ESTONIA'S STATED PRIORITIES WITH REGARD TO NATO AND EU ACCESSION

With the establishment of the historical perspective behind Estonia's Western orientation complete, it is possible to examine Estonia's stated priorities with regard to NATO and EU accession. Estonia currently holds membership in a number of the most important European institutions. She is a full member of the OSCE, the Council of

from history, we have to acknowledge that without support from the rest of the world we are unable to defend Estonia. Our aspirations to integrate into Western economic, political, and security structures are therefore understandable." *ibid.*, 29.

¹⁸ *ibid.*, 22

¹⁹ John W. Blaney, ed., *The Successor States to the USSR* (Washington, DC: Congressional Quarterly, Inc., 1995), 255

Europe, and the United Nations, although the last is not strictly a European institution. At the same time, Estonia is an Associate Partner of the WEU, an aspirant for NATO membership, and an Associate Member of the EU. Estonia turned the full focus of her attention on the last of these institutions in the middle part of the 1990s by joining NATO's Partnership for Peace program in 1994 and signing a Europe Agreement with the EU in 1995 signifying her desire to begin the accession process. Since that time, Estonia has focused the bulk of her foreign policy decisions toward gaining admission to these two institutions.

In a word, Estonia seeks security. Her position between Europe and Russia, added to her history of foreign domination, demand it. Estonia adheres to the basic principle that the security of all states is indivisible and no one state can achieve security at the expense of any other state.²⁰ Based on this, Estonia is pursuing membership in the EU and NATO in parallel, in the words of Minister of Foreign Affairs Toomas Ilves, "not preferring one to the other, and not seeing one as a substitute for the other."²¹ In a 1998 speech at the Carnegie Endowment for International Peace, Ilves expanded on this topic saying,

"The EU is neither an alternative nor substitute to NATO. Estonia's prospects for EU membership look good, but this does not mean that we should be made to wait indefinitely to join NATO. Nor does it mean that our aspirations to join NATO have waned."²²

²⁰ "Guidelines of the National Defense Policy of Estonia"

²¹ Toomas Hendrik Ilves, Minister of Foreign Affairs of the Republic of Estonia, "Statement to the North Atlantic Council," 23 April 1997

²² "Estonia and NATO: A Blueprint for Transatlantic Security," Remarks by Toomas Hendrik Ilves, Minister of Foreign Affairs, at the Carnegie Endowment for International Peace, 18 September 1998, Washington, DC.

In addition, Estonia's ruling coalition government made EU and NATO accession top foreign policy priorities in their 1999 coalition agreement saying the objective of Estonia's foreign policy is to "defend Estonia's security and worthy place in the open world."²³ Clearly, both NATO and EU membership are at the top of Estonia's foreign policy priorities.

Estonian leaders have been very careful to ensure that the leadership councils of both NATO and the EU understand that Estonia knows the difference between the two institutions. Estonia seeks EU membership because of what the EU is in and of itself, and what it offers and demands of its member states.²⁴ The political and economic benefits of EU membership are of paramount importance to Estonia. Estonia understands that EU membership is not a security guarantee, but firmly believes that the EU has created the non-military basis for security and stability in Europe for the last 50 years.²⁵

Estonia's reasons for seeking NATO membership are, perhaps, best illustrated by remarks made by Foreign Minister Ilves in 1997 at Columbia University in New York. In those remarks, Ilves noted that if NATO decided not to enlarge, the countries of Central and Eastern Europe would be forced to look to each other and to other arrangements for security. The result would be a re-nationalization of foreign and defense policy, a result that history has shown to be a dangerous one. He further noted that applicant countries

²³ "Estonia's foreign policy priorities are accession to the European Union and NATO, and to strengthen the effectiveness of our foreign economic policy to support international cooperation in business and trade." – "Estonia's Main Foreign policy Priorities," Address by Toomas Hendrik Ilves, Minister of Foreign Affairs, on behalf of the Government of the Republic of Estonia, to the Riigikogu, June 1999.

²⁴ "Estonia and NATO Enlargement," Remarks by Toomas Hendrik Ilves, Estonian Minister of Foreign Affairs, at Columbia University, New York, March 31, 1997.

²⁵ "The Estonian Perspective on EU and NATO Enlargement," Remarks by Toomas Hendrik Ilves, Minister of Foreign Affairs of Estonia, at the conference on "German and American Policies Towards the Baltic States: The Perspectives of EU and NATO Enlargement," 7 May 1999, Bonn.

want in to NATO for the same reason that others stay in: they recognize the military benefits of collective security and the political benefits of that stability.²⁶ At the same time, Estonia believes that the nature of the new NATO has changed in recent years, such that Alliance activities are less concentrated on collective defense in a narrow sense. Instead, the Alliance now focuses more on developing the means to act with partners in defense of wider, common interests.²⁷ Thus, Estonia views NATO not so much as a defensive alliance as it is a community of states dedicated to the defense of certain universal values.²⁸ Finally, Estonia's National Security Concept, approved by Estonia's parliament, the *Riigikogu*, on 6 March 2001, argues that seeking membership in NATO is the best way to protect and consolidate the modern democratic state. The National Security Concept states that full integration with NATO will ensure a stable climate for economic development and provide the opportunity to participate in international security efforts, as well as to utilize Estonia's national defense resources in the most effective way.²⁹

C. INTEGRATION WITH THE EUROPEAN UNION

Estonia has made it clear that she seeks EU membership because of the political and economic stability that membership provides. For Estonia, European integration is not a goal in and of itself. It is a means of meeting her national objectives of building a

²⁶ "Estonia and NATO Enlargement"

²⁷ Opening remarks by His Excellency Mr. Toomas Hendrik Ilves, Minister of Foreign Affairs of the Republic of Estonia, at the International Conference on the Security Environment in the Baltic Sea Region after the Madrid Summit. September 5, 1997, Tallinn.

²⁸ "The Alliance will endure because the principles it defends are timeless – promoting democratic values, protection of individual liberties, and fostering patterns of cooperation and good neighborly relations. As long as there are threats to these values...then there is a need for the Alliance." – Toomas Hendrik Ilves, Opening remarks at the "North Atlantic Treaty at 50 and NATO Enlargement" symposium, 7 April 1999, Tallinn.

state based on European traditions and values, developing a functioning market economy, consolidating democracy, and creating a stable and prosperous society.³⁰ Chapter 1 of this thesis discussed the membership requirements outlined by the EU at the 1993 European Council Summit in Copenhagen. These requirements are composed of three general areas that are best described as political criteria, economic criteria, and the ability to assume the obligations of membership. This section of the thesis will examine how well Estonia has implemented policy decisions focused toward these goals based on regular progress reports produced by the European Commission and Estonia's annual reports on her National Program for the Adoption of the Acquis (NPAA).

The European Commission produces annual reports detailing the progress of each of the applicant countries towards integration. The Commission produced its initial opinions on the candidates' membership applications in 1997, and produced regular reports updating the progress of each applicant in 1998, 1999, and 2000. The National Program for the Adoption of the Acquis, a document produced each year by the candidate country after the Commission produces its Regular Report, outlines the government's plans for the coming year to address the deficiencies noted in that year's Regular Report of the Commission. Comparing these two documents will give the best assessment of how well Estonia is meeting the accession requirements.

²⁹ "National Security Concept of the Republic of Estonia," 10

³⁰ "Estonian Vision of the European Union," Remarks by Raul Mälk, Minister of Foreign Affairs at the international conference "Estonia and the European Union," 15 November 1998, National Library, Tallinn. Available [online]: <http://www.vm.ee/euro/english/press/speeches/1105euro.html>

1. Political Criteria

Estonia assumed the characteristics of a democratic society quickly after regaining independence in 1991, and by 1992, her present political system was firmly in place. This speedy change from authoritarian to democratic rule can be attributed mainly to Estonia's creation of alternatives to Soviet-era political institutions almost immediately after such alternatives were legalized.³¹ In some respects, her years of Soviet domination may have served her well, if for no other reason than they gave Estonia's future leaders examples of poor political and economic processes to avoid. The Copenhagen Summit's political criteria addressed two main issues: democracy and the rule of law and human rights and the protection of minorities.

In its 1997 opinion on Estonia's membership application, the European Commission concluded that Estonia presented the characteristics of a democracy, with stable institutions that guaranteed the rule of law, human rights, and respect for and protection of minorities. Based on this, the Commission indicated a number of areas in which Estonia needed to make progress in order to fulfill completely the requirements of the political criteria. These deficiencies included efforts necessary to improve the operation of the judicial system and intensify the fight against corruption and the need for measures to accelerate naturalization procedures to enable Estonia's Russian-speaking non-citizens to become better integrated into society.³² In addition, the EU's Accession Partnership with Estonia indicated the need for measures to facilitate the naturalization

³¹ Blaney, *The Successor States to the USSR*, 243.

³² European Union, "Agenda 2000 – Commission Opinion on Estonia's Application for Membership of the European Union." Available [online]:

<http://www.europa.eu.int/comm/enlargement/dwn/agenda2000/opinions/estonia>

process and integration of non-citizens, especially stateless children, and to enhance Estonian language training for non-Estonian speakers.³³

Estonia accomplished only relatively minor achievements in these areas in 1998. The European Commission responded by recommending adoption of proposed amendments to Estonia's Citizenship Law regarding eligibility requirements for children of stateless persons. The Commission additionally noted the need for public administration reform based on the insufficient skill level of Estonia's public administration staff and the high turnover of staff personnel.³⁴ The Commission's concern was based on the need for a skilled bureaucracy to ensure the adequate implementation and enforcement of the *acquis*. With respect to the judiciary, the Commission noted problems with an insufficient number of judges and lawyers, low salaries for judges in particular, a general lack of knowledge of the application of civil and criminal law in Estonia's new judicial code, and the need to elaborate new laws in keeping with the norms of the EU.³⁵

These areas remained Estonia's primary obstacles throughout the period under examination. In 1999, the European Commission observed very slow progress toward judicial and public administration reform. Estonia failed to make substantial progress increasing either judicial salaries or the numbers of judges and lawyers, but she did successfully implement the Office of Public Administration Reform (OPAR) in January

³³ European Union, "1998 Regular Report from the Commission on Estonia's Progress towards Accession," 7. Available [online]:

http://www.europa.eu.int/comm/enlargement/dwn/report_11_98/en/estonia_en.doc

³⁴ *ibid.*, 12.

³⁵ *ibid.*, 8.

1999 and elaborated new plans for EU training of civil servants.³⁶ In addition, during this period, Estonia laid the groundwork for an Integration Foundation charged with developing a state integration program for the period 2000 – 2007.³⁷ The Commission also continued to recommend adopting the proposed amendments to the 1992 Citizenship Law, in addition to amendments to the 1995 Language Law that would improve access for non-Estonian speakers in political and economic life.³⁸

By 2000, the European Commission could commend Estonia for significant progress in some areas and offer sound recommendations for further improvement in others. Although Estonia made some progress toward judicial reform, more and better training for judges and increased numbers of those judges continued to be required in order to meet the standards in this area.³⁹ At the same time, however, Estonia did amend the Citizenship Law to lift the language and civic test requirements for the disabled and amended the Language Law to bring it in line with international standards. In addition, Estonia adopted the state integration program, “Integration in Estonian Society, 2000 – 2007,” which focused on social unification based on linguistic, legal/political, and socio-economic integration.⁴⁰ Unfortunately, despite its designation as a major political priority in 1999, Estonia failed to develop a comprehensive strategy for public administration

³⁶ European Union, “1999 Regular Report from the Commission on Estonia’s Progress toward Accession,” 11, 56. Available [online]:

http://www.europa.eu.int/comm/enlargement/dwn/report_10_99/en/word/estonia.doc

³⁷ ibid., 14.

³⁸ ibid., 16, 69.

³⁹ European Union, “2000 Regular Report from the Commission on Estonia’s Progress toward Accession,” 14. Available [online]:

http://www.europa.eu.int/comm/enlargement/dwn/report_11_00/pdf/en/es_en.pdf

⁴⁰ ibid., 18-20.

reform beyond OPAR, and the Public Administration Reform framework document that OPAR submitted to the Riigikogu for approval in March 2000 remained stuck in committee.⁴¹ The one bright spot in this reform effort was the satisfactory progress of the EU training program for civil servants.

Estonia's solid democratic foundation early in her newest period of independence no doubt set the stage for her overall success in meeting the goals of the political criteria. Although progress was slow in some areas, such as judicial reform, her progress in the integration of minorities and non-citizens provides real hope for a promising future. Estonia's attitudes toward ethnic minority groups during the early independence movements were extremely xenophobic. The basis for citizenship during this early period rested primarily on the Estonian language and the presence of either the individual or an ancestor in Estonia at the time of Soviet occupation.⁴² The amendments of the citizenship and language laws, and the development of the state integration program, are definitely positive steps toward the continuance of a democratic system in Estonia. With positive steps toward integration in place, the only truly troubling area that was still in need of reform at the end of 2000 was the public administration. Without a strong public administration staffed by knowledgeable civil servants, Estonia will have a difficult time adopting the *acquis* in time to accede to the Union in the next round of enlargement proposed for 2002.

⁴¹ *ibid.*, 14.

⁴² Kristian Gerner and Stefan Hedlund, *The Baltic States and the end of the Soviet Empire* (London and New York: Routledge, 1993), 55 and Blaney, *The Successor States to the USSR*, 246.

2. Economic Criteria

Economic integration is one of the most important aspects of the European Union, and has always been a cornerstone of the EU, even before any talk of political union began. The benefits to member states of free movement of labor, goods, services, and capital, coupled with the economic stability provided by the backing of the Union, have created strong incentives to those candidate countries seeking a way to ensure economic prosperity in the future. Between 1997 and 2000, with the exception of a slight downturn in the wake of the 1998 Russian financial crisis, Estonia had the most rapidly growing economy in the world and the largest economy of the three Baltic republics. The primary reasons for her impressive growth include progress in reducing inflation and controlling public finances, in addition to high productivity growth.⁴³ All of these factors were built on a foundation laid shortly after independence. In 1992, Estonia established her own currency, the Kroon, and tied it to the Deutsche Mark at a fixed rate. The result, by 1995, was a stable monetary climate that allowed Estonia to shift some of its foreign trade away from Russia, traditionally her largest trading partner, and sign free trade agreements with Finland and Sweden.⁴⁴

With respect to the economic criteria for accession, the Copenhagen Criteria addressed two main issues: the existence of a functioning market economy and the capacity to cope with competitive pressure and market forces within the Union. The 1997 European Commission Opinion on Estonia's prospects for accession concluded Estonia was a functioning market economy that should be able to make the progress necessary to

⁴³ EU, "1998 Regular Report," 13.

⁴⁴ Blaney, *The Successor States to the USSR*, 241.

cope with competitive pressures and market forces within the EU. The opinion recognized Estonia's efforts to radically liberalize foreign trade and privatize the public sector, liberalize prices to a great degree, and reduce inflation. In addition, the opinion noted the existence of the outline of a regulatory legislative framework to oversee economic matters. The European Commission noted the slow pace of land reform, the failure to start any type of pension system reform, the need to strengthen the private sector through the emergence of small and medium enterprises, privatization of infrastructure enterprises, such as railways and energy producers, increased agricultural production, and an increased export base to diversify trade as areas requiring greater reform efforts.⁴⁵

Over the course of the next three years, the Commission followed Estonia's progress along these, and other lines, to assess her potential to meet the requirements of the economic criteria. The Commission happily noted progress in some areas, and recommended greater efforts in areas that lagged behind. For example, the privatization of infrastructure enterprises proceeded at an acceptable pace with a small railway sold and two power grids put up sale during 1998, and the privatization of nearly all small- and medium-sized enterprises by the end of 1999.⁴⁶ At the same time, land reform and privatization made little progress over this same period, and by the time the European Commission published its 2000 Regular Report, only one-third of all land had been returned to private ownership. The Commission blamed declining agricultural production in each year from 1998 – 2000 on the failure to privatize land quickly enough and the

⁴⁵ European Union, "Agenda 2000," 39.

⁴⁶ European Union, "1998 Regular Report," 18 and "1999 Regular Report," 23-24.

near complete lack of a functioning market for agricultural land.⁴⁷ In addition, the European Commission was troubled by the fact that 60 percent of Estonia's foreign trade activity was concentrated in four countries in 1998, a number that rose to 73 percent by 2000.⁴⁸ In the Commission's opinion, high concentrations of foreign trade with a restricted number of partners left Estonia vulnerable to shocks to the economy brought on by economic decline in a trade partner. This situation was partially borne out in 1998 when the economic collapse in Russia, one of Estonia's largest trading partners, caused a comparable slowdown in Estonia.⁴⁹

Estonia set lofty goals for meeting the economic criteria in 2000. As part of the harmonization of trade policies with the EU, Estonia planned to introduce agricultural tariffs effective 1 January 2000 to bolster domestic competition. In addition, the government planned to complete privatization of the state railway by 31 December 2000, and continue the further privatization of energy production. Finally, the government announced planned amendments to the Land Reform Act that would speed up the pace of land reform and privatization.⁵⁰ Under these reforms, the government expected to complete land privatization by the end of 2001.

The Commission's 2000 Regular Report expressed general satisfaction with Estonia's efforts in 2000, but, as always, noted areas for future improvement. On 1 January 2000, Estonia introduced the agricultural tariffs proposed in the 2000 NPAA.

⁴⁷ European Union, "1999 Regular Report," 23-24.

⁴⁸ European Union, "1998 Regular Report," 20 and "2000 Regular Report," 30-31.

⁴⁹ European Union, "1999 Regular Report," 24.

⁵⁰ European Union State Chancellery Office of European Integration, "National Program for the Adoption of the Acquis: 2000," 26-30. Available [online]: <http://www.eib.ee/english/pdf/npaa2000/pdf>

Significant progress occurred in the privatization of railways, energy producers, and Estonia's oil-shale mining industry. By the time the Commission published the 2000 Regular Report only a small number of large companies still awaited privatization.⁵¹ As already addressed, land reform and privatization led to the return of one-third of the total land stock to private ownership, and trade with the EU increased to 73 percent of Estonia's imports and exports. For the future, the Commission proposed land privatization, improved access to market-based credit for agriculture and small- and medium-sized businesses, continued reform of the infrastructure, and further land reforms as priorities for reform.⁵²

Estonia displayed steady progress toward the fulfillment of the economic criteria during the period 1997 – 2000. Some areas, such as privatization of industrial enterprises, progressed more rapidly toward this goal than others, but Estonia made progress nonetheless. It is interesting to note that despite the existence in Estonia of a functioning market economy, there was no functioning market for agricultural land. The lack of such a market, coupled with the decline in agricultural production over this period, does not bode well for Estonia's chances to implement the provisions of the Common Agricultural Policy, one of the key elements of the EU *acquis* to be addressed in the next section.

3. Ability to Assume the Obligations of Membership

The requirement to be able to assume the obligations of membership deals with the EU's *acquis*, the legal and institutional framework that regulates and governs the Union's activities. The ability of any applicant to implement the *acquis* is essential to its

⁵¹ European Union, "2000 Regular Report," 26.

⁵² *ibid.*, 30-31.

ability to function within the Union.⁵³ In this regard, the *acquis* is likely the most important of the three categories.

The *acquis* is the body of common rights and obligations that bind all of the member states together within the European Union. It is constantly evolving and comprises to following:

- Content, principles and political objectives of the various treaties on European Union,
- Legislation adopted in application of the treaties and the case law of the European Court of Justice,
- Declarations and resolutions adopted by the EU,
- Measures relating to the common foreign and security policy (CFSP),
- Measures relating to justice and home affairs, and
- International agreements concluded by the European Community and those concluded by the member states between themselves in the field of the Union's activities.

Thus the Community *acquis* comprises not only Community law in the strictest sense, but also includes all acts adopted under the second and third pillars of the European Union, which deal with the CFSP and police and judicial cooperation in criminal matters, and, above all, the common objectives laid down in the Treaties.⁵⁴

Applicant countries have to accept the *acquis* before they can join the European Union. Exemptions from the *acquis* are granted only in exceptional circumstances and are limited in scope. The Union has committed itself to maintaining the *acquis* in its entirety and to developing it even further. There is no question of going back on it.⁵⁵

⁵³ European Union, “Agenda 2000,” 40.

⁵⁴ European Union, “Glossary.” Available [online]:

<http://www.europa.eu.int/scadplus/leg/en/cig/g4000c.htm#c16a>. For more information, see John McCormick, *Understanding the European Union: A Concise Introduction* (New York: St. Martin’s Press, 1999), 108.

⁵⁵ *ibid.*

Consequently, the *acquis* is an enormous body of documents, legislation, and treaties that covers every aspect of life within the European Union. It currently governs nearly thirty aspects of EU practices grouped into the following broad categories:

- Internal market without frontiers
- Innovation
- Economic and fiscal affairs
- Sectoral policies
- Economic and social cohesion
- Quality of life and environment
- Justice and home affairs
- External policies
- Financial questions

Examining in detail how Estonia meets the requirements of every category in the *acquis* is beyond the scope of this thesis. Instead, a general overview of problem areas and Estonia's efforts to correct deficiencies will suffice.

In general, the European Commission's 1997 opinion concluded that Estonia was generally well prepared to assume the obligations of membership. Areas of concern primarily included the need for legal and legislative reforms to ensure the harmonization of Estonia's institutions with those of the EU. Particular areas of concern to the Commission included the need for:

- Wide-ranging legislative reform to bring Estonia's institutions and structures in almost every area in line with those of the EU,
- Agricultural and fisheries reform,
- Reform of the employment and social affairs system, and
- Extreme efforts to counter the environmental damage done by 50 years of Soviet occupation.

Some of these issues have already been addressed in the preceding sections on the political and economic criteria for accession. The *acquis* explores each of these issues in detail and offers very specific examples of what the candidate country must do to in order to adopt the *acquis*.

Legislative reform covers every area of the *acquis*. It is not unreasonable to note that many of Estonia's laws and procedures regarding everything from employment to agriculture, economic competition to taxation, do not comply with those of the EU. In this respect, Estonia is similar to virtually every other candidate. Most of the Commission's recommendations in its Regular Reports have been little more than to implement the legislation that it recommends. By 2000, for example, the Commission noted deficiencies in customs legislation and the need to align VAT and excise tax legislation with EU standards.⁵⁶ Significant efforts on Estonia's part are still required to ensure that her entire legal framework is compatible with that of the EU.

The issue of agriculture and fisheries constituted an area of extreme concern for the Commission throughout this period. The heart of the problem in these areas was the complete lack in Estonia of any structures or legislation relevant to the Common Agricultural Policy (CAP) or the Common Fisheries Policy. In its 1997 Opinion, the European Commission noted that Estonia would need substantial efforts to align her policies with the *acquis* in both of these sectors. The Commission noted progress toward this goal in the agricultural sector in 1998 and 1999, but no progress in the fisheries sector in either year.⁵⁷ In 1999, for example, the Commission recommended speeding up the implementation of CAP legislation, while in fisheries, it noted the complete lack of progress in implementing any relevant legislation or structural reforms toward the Common Fisheries Policy.⁵⁸ In 2000, the Commission recognized substantial

⁵⁶ European Union, "2000 Regular Report," 84.

⁵⁷ European Union, "Applicant Countries and the Community Acquis – Estonia: Agriculture – Fisheries." Available [online]: <http://europa.eu.int/scadplus/leg/en/lvb/e04102.htm>

⁵⁸ European Union, "1999 Regular Report," 35.

improvement in the establishment of a legal framework for the future implementation of the CAP, and recommended the introduction of quality and marketing standards in line with EU standards. At the same time, Estonia finally made progress in the fisheries sector worth noting, and the Commission recommended the introduction of inspection and control mechanisms, a fleet register, market organizations in fisheries products, and a restructuring plan for the fisheries fleet.⁵⁹ Both sectors have a long way to go, but progress continues in each.

The category of employment and social affairs deals primarily with public health, labor law, working conditions, equal opportunity, and social security and pension schemes. The Commissions 1997 Opinion noted the need for strenuous efforts to bring Estonia's legislation in these matters in line with the EU. The 1998 and 1999 Regular reports noted limited progress in these areas, and especially commented on the need to address employment and social affairs issues, such as equal opportunity and labor law. Little has changed since those reports. Estonia's Labor Law, which predates the accession negotiations, does not comply with EU standards, nor has the government made any progress toward changing it. Estonia re-established her Labor Market Board in January 1999, but it does not comply with the acquis, either. Estonia did adopt a legal framework to address health and safety at work, but a number of regulations still need to be adapted to complete the alignment of this framework with the acquis. Finally, even though Estonia participated in a number of international projects concerning equal opportunity, she made no progress in that area in 2000.⁶⁰ In the 1999 Regular Report, the Commission

⁵⁹ European Union, "Applicant Countries and the Community Acquis – Estonia: Agriculture – Fisheries."

⁶⁰ European Union, "Applicant Countries and the Community Acquis – Estonia: Social Affairs."

noted, “Estonia’s capacity to enforce the social *acquis* represent[s] a serious cause of concern.”⁶¹ Obviously, there is still a long way to go in this arena.

In spite of her history of Soviet occupation and the heavy environmental toll that occupation has taken on other countries, Estonia’s environment at the beginning of the accession negotiations was in remarkably good shape. The sharp decline in agricultural and industrial production that resulted from the withdrawal of the Soviet command economy played a large role in this, as did high levels of Estonian investment in environmental protection following independence. The other side of the coin has been that Estonia inherited a vast amount of environmental waste and pollutants from the Soviet Union. It is this legacy that has made adopting the *acquis* difficult. Estonia has taken significant efforts to meet the needs of the *acquis* in this respect. Estonia has passed a large body of legislation with respect to environmental protection, with varying degrees of compliance with the *acquis*. The European Commission has recognized the Ambient Air Protection Act and the Pollution Charges Act, for example, as quite advanced. By the same token, legislation such as the Act on the Deliberate Release of Genetically Modified Organisms and the Protection and Use of Wild Fauna Act, do not fully comply with the *acquis* and will require a lot of work to bring them in compliance.⁶² Estonia is likely to be very successful in meeting the standards of this area of the *acquis* due to the large amount of money already spent on the problem, and the strong desire in the government to be free of the remnants of Soviet occupation.

Available [online]: <http://europa.eu.int/scadplus/leg/en/lvb/e02102.htm>

⁶¹ European Union, “1999 Regular Report,” 44.

⁶² European Union, “Agenda 2000,” 89.

These four issue areas obviously do not represent the full scope of Estonia's efforts toward the adoption of the acquis. They do offer, however, a glimpse of some of the difficulties and successes with which Estonia has met. Overall, the European Commission has remarked that Estonia is in a good position to successfully implement all aspects of the acquis, although significant efforts are still required.⁶³ Only time will tell how well Estonia is able to live up to this claim.

D. INTEGRATION WITH NATO

It is clear from the earlier discussion that Estonia, at least as far as official statements go, is determined to gain admission to NATO. As discussed in Chapter 1, the MAP established five basic issue areas that potential members must satisfy in order to meet minimum requirements for membership. These issue areas are political and economic, defense/military, resources, security, and legal. This section of the thesis will examine the policy choices made by Estonia in each of these areas to determine if NATO membership is as important as the government claims.

1. Political and Economic Issues

This issue area offers the largest number of expectations for prospective members to demonstrate their compliance with. The eight expectations outlined in this section range from concrete, easily demonstrable goals to more abstract expectations that reflect a general change in mindset of the aspirant country. In general, conforming to these expectations reflects a general respect for the principles embodied in the Washington Treaty. For ease of discussion in this thesis, these eight expectations can be grouped into

⁶³ European Union, "2000 Regular Report," 87.

three categories reflecting a candidate's respect for democracy and the rule of law, respect for peaceful international relations and respect for the North Atlantic Alliance.⁶⁴

a) Respect for Democracy and the Rule of Law

Estonia has demonstrated her respect for democracy and the rule of law through three mechanisms. The first of these, Estonia's constitution, establishes the democratic nature of the government and adherence to the rule of law. For example, Chapter 1 of the constitution outlines the general provisions of the government and reads, in part,

- Supreme power of the state is vested in the people
- The power of the state shall be exercised solely pursuant to the Constitution and laws which are in conformity therewith
- The activities of the Riigikogu (Parliament of Estonia), the President of the Republic, the Government of the Republic, and the courts shall be organized on the principle of separation and balance of powers.⁶⁵

Chapter 2 of the constitution describes the fundamental rights, liberties, and duties of Estonian citizens, the most important of which in this context are:

- The rights, liberties and duties of everyone and all persons, as listed in the Constitution, shall be equal for Estonian citizens as well as for citizens of foreign states and stateless persons who are present in Estonia, and
- The rights, liberties, and duties enumerated in this Chapter shall not preclude other rights, liberties or duties that ensue from the spirit of the Constitution or are in accordance therewith and are compatible with human dignity and the principles of a society based on social justice, democracy, and the rule of law.⁶⁶

Chapter 2 also describes the various basic human and legal rights and basic freedoms granted to Estonian citizens and people without a state living in Estonia. Finally, Chapters 4, 5, and 10 of the Constitution place the armed forces under civilian

⁶⁴ Refer to Appendix A for a full presentation of the Membership Action Plan.

⁶⁵ Republic of Estonia, "Constitution of the Republic of Estonia." Available [online]: <http://www.vt.ee/eng/govmin/const.html>

⁶⁶ ibid.

control by granting the authority to appoint the Commander-in-Chief of the Defense Forces, declare war and mobilization and demobilization of military forces to the Riigikogu, and naming the President as Supreme Commander of Estonia's Defense Forces.

The second mechanism through which Estonia has demonstrated her respect for democracy and the rule of law is the signing and ratification of various European conventions. These treaties and conventions include:

- Convention for the Protection of Human Rights and Fundamental Freedoms and its 11 protocols
- European Social Charter (revised)
- Civil Law Convention on Corruption
- Convention on Human Rights and Biomedicine and its protocol
- Convention for the Prevention of Torture and Inhuman or Degrading Treatment or Punishment and its two protocols.⁶⁷

In addition to these conventions and treaties, Estonia has taken steps to ensure the successful integration of ethnic minorities into Estonian society. The passage of a new electoral law and the liberalization of the Law on Citizenship, both of which were developed in accordance with OSCE and European Commission recommendations, have helped to facilitate the integration of ethnic minorities and stateless persons into Estonian society.⁶⁸ The combination of Estonia's constitution, the signing and ratification of these conventions, and the commitment to integration demonstrates a sincere respect for democracy and the rule of law.

⁶⁷ Council of Europe Directorate General and Legal Affairs Treaty Office. Available [online]: <http://conventions.coe.int>

⁶⁸ Toomas Hendrik Ilves, Minister of Foreign Affairs of Estonia, Remarks at the meeting of the US-Baltic Partnership Commission, 16 July 1999, Washington. Available [online]: <http://www.vm.ee/eng/nato/kõned/0716wash.html>

b) *Respect for Peaceful International Relations*

Estonia has demonstrated respect for peaceful international relations primarily through her interaction with her neighbors and other European states. Estonia has had few international disputes since regaining independence in 1991, and she has settled those that occurred peacefully. The majority of Estonia's international disputes since regaining independence have been with Russia, the most notable example of which concerned the dispute over Russian troops stationed in Estonia at the time of independence. This dispute was resolved on 26 July 1994 when Estonian President Lennart Meri and Russian President Boris Yeltsin signed an agreement after more than two years of negotiations.⁶⁹ Although some problem areas remain – such as the status of some 10,000 retired Russian soldiers and their families in Estonia – the dispute was resolved without resorting to violence.

Estonia has further demonstrated her respect for peaceful international relations through her avid participation in the Partnership for Peace (PfP) program and the Euro-Atlantic Partnership Council (EAPC). Estonia eagerly joined the PfP in March 1994, and has been a staunch supporter of the program since. Estonian Defense Forces participate in more than 200 PfP activities every year, and Estonia hosts several NATO activities and activities “in the spirit of PfP” each year. Estonia considers participation in the PfP program crucial to security and stability in Europe. At the same time, Estonia considers the EAPC as the main forum for cooperation and consultation between NATO

⁶⁹ WEU, “The Baltic States: Security and Defense after Independence,” 31

and its partners. Estonia participates in NATO and PfP sponsored peacekeeping missions in Bosnia and Herzegovina, Kosovo, and Albania.⁷⁰

Finally, Estonia maintains positive relations with her neighbors throughout the region. Estonia participates in a number of cooperative military and defense enterprises with Latvia and Lithuania, including the Baltic Peacekeeping Battalion (BALTBAT), the Baltic Naval Squadron (BALTRON), and the Baltic Defense College (BALTDEFCOL). Since regaining independence, Estonia has worked diligently to improve relations with Russia through consistent engagement with Moscow on a variety of issues. Estonia also maintains good relations with the Nordic countries, and is a member of the Council of Baltic Sea States (CBSS) and an associate member of the Nordic Council. Additionally, Estonia has been a member of the Council of Europe since 1993 and complies fully with the OSCE Code of Conduct and the Vienna Agreement, the goal of which is to deepen interstate military security, confidence, and cooperation.⁷¹

c) Respect for the North Atlantic Alliance

Estonia has demonstrated her respect for the North Atlantic Alliance through a number of official statements by government officials, her commitment to the principles embodied in the Washington Treaty, and her commitment to ensuring Estonian Defense Forces are fully compatible with NATO operating forces. Since 1996, Estonia's National Defense Policy has been to construct national defense forces that are capable of both independent defense and defense related cooperation with organizations whose

⁷⁰ Ministry of Foreign Affairs of the Republic of Estonia, "Estonia and NATO: From Dialog to Partnership." Available [online]: <http://www.vm.ee/eng/nato/co-operation2.htm>

⁷¹ Republic of Estonia, "National Security Concept of the Republic of Estonia." Available [online]: <http://www.vm.ee/eng/policy/security/index.htm>

objective is to guarantee the security of Europe.⁷² Estonia has demonstrated through participation in peacekeeping missions in Croatia, Bosnia and Herzegovina, and Lebanon that she will be a security provider as well as a security consumer.⁷³ Furthermore, Estonia understands the need for full and equal disclosure with the Alliance. To highlight this, the Estonian Ambassador to NATO stressed Estonia's understanding of the need for not only equality in NATO, but also reciprocity with the Alliance – the willingness to allow NATO into Estonia's command centers, headquarters, and military staffs.⁷⁴ Based on these efforts, Estonia is committed to being ready to answer NATO's call when the time comes.

2. Defense/Military Issues

Defense and military issues are the second largest issue area covered by the MAP. The expectations outlined in this section are much more concrete than those in the political and economic section, and primarily require aspirants to show that their military forces are capable of operating with NATO forces in NATO led operations. This capability is based both on types of forces and on the interoperability of those forces with those of NATO. Estonia's National Security Concept outlines Estonia's support for the defense and military issues discussed in this section.

Estonia supports the new strategic concept outlined at NATO's 1999 50th anniversary summit in Washington, and has based her goal of NATO membership on the

⁷² Republic of Estonia, "Guidelines of the National Defense Policy of Estonia." Available [online]: <http://www.vm.ee/eng/nato/def.policy.html>

⁷³ Toomas Hendrik Ilves, "Estonia and NATO Enlargement."

⁷⁴ Juri Luik, Estonian Ambassador in Brussels, "Baltic Security: Why NATO?" Conference on the Baltic Sea Region and the New European Security Structure, 19 November 1996, Stockholm, Sweden. Available [online]: <http://www.usis.usemb.se/balticsea/luik.htm>

idea that full integration in the Alliance provides the best way to protect and secure a modern democratic state. Estonia continues to be an active participant in both PfP and the EAPC, two programs that she sees as an essential part of the integration process. Furthermore, Estonia participates in the Planning and Review Process (PARP) as an essential means of ensuring her defense forces are equal to the task of operating jointly with NATO forces.⁷⁵

In addition to providing support for NATO's approach to security as outlined in the strategic concept, Estonia is committed to providing capable, modern forces for NATO operations. The 2001 Annual National Program (ANP) of Estonia's MAP outlines a comprehensive list of goals for the modernization of the Estonian Defense Forces (EDF). These goals include the development of rapid reaction capabilities, standardization of military education, improvement of working conditions, reorganization of the current mobilization system, development of a logistics concept for the EDF, and the concentration of officer and NCO training in Estonia.⁷⁶ The Estonian Ministry of Defense introduced this development program in the 2000 ANP with a completion date of 2005. To date, the program has met with steady progress.

3. Resource Issues

NATO expects aspiring members to commit sufficient budget resources to meet the commitments that membership entails. Aspirant's national programs must establish the necessary structures to plan and implement defense budgets that meet established

⁷⁵ Republic of Estonia, "National Security Concept of the Republic of Estonia."

⁷⁶ Ministry of Foreign Affairs of the Republic of Estonia, "Estonia and NATO: From Dialog to Partnership."

defense priorities and allow for NATO familiarization training of national forces.⁷⁷ Estonia has enthusiastically supported this aspect of the MAP since 1999, when the majority of the political parties in the government reached an agreement in principle to increase defense spending to 2 percent of GDP by 2002, the date cited at the Washington Conference as the time when enlargement would be discussed again.⁷⁸ Defense spending of 2 percent of GDP is generally recognized as the minimum necessary level of defense allocation required to meet the requirements of NATO membership.

Estonia has also taken efforts to improve the state's financial infrastructure to better implement this defense spending. The state budget, for example, was rearranged toward a goal-oriented budget that had provided for streamlining of resource management. Estonia has also instituted an Internal Audit Department in the Ministry of Defense to ensure the appropriate expenditure of defense funds. The draft state budget for 2001 guaranteed full financing for Estonia's commitments to international security, most notably her participation in SFOR and KFOR. The draft budget also provided increased expenditures of 34 percent for the various Baltic military cooperative projects.⁷⁹ Because Estonia's constitution dictates the maintenance of a balanced budget, these expenditures represent a real allocation of real funds.⁸⁰

⁷⁷ North Atlantic Treaty Organization, "Membership Action Plan" in *The Reader's Guide to the NATO Summit in Washington, 23-25 April 1999* (Brussels: NATO Office of Information and Press, 1999)

⁷⁸ Toomas Hendrik Ilves remarks at the US-Baltic Partnership Commission, 16 July 1999. Estonian President Lennart Meri confirmed this figure in his remarks at the Royal United Services Institute, 10 March 2000.

⁷⁹ Ministry of Defense of the Republic of Estonia, "Estonian National Program 2001: Executive Summary." Available [online]: <http://www.mod.gov.ee/english/nato/anp2001.htm>

⁸⁰ "Estonia's Security and Defense Policy – New Steps towards NATO Membership," remarks by the President of the Republic of Estonia at the Royal United Service Institute London, March 10, 2000.

4. Security Issues

NATO expects aspiring members to put in place sufficient safeguards and procedures to ensure the security of the most sensitive information as laid down in NATO's security policy. To facilitate this necessity, NATO provides a number of courses to aspiring members on physical, personnel, document, and industrial security and information security (INFOSEC).⁸¹ Estonia takes security requirements very seriously, and started implementing security plans with the 1999 ANP. In May 2000, the NATO Office of Security Inspection expressed overall satisfaction with Estonia's security efforts to that point. Estonia has additionally adopted a series of basic acts, regulations and decrees required by NATO, and submitted the Security Institutions Act to the Riigikogu for approval in 2000. Estonia has satisfactorily implemented physical security requirements at military installations and, in terms of industrial security, has established a list of defense related companies and cleared personnel capable of handling NATO classified contracts.⁸² To date, these efforts have met with NATO's approval.

5. Legal Issues

NATO requires aspiring members to examine and become acquainted with the appropriate legal agreements that govern cooperation with the Alliance. Aspirants should also scrutinize their domestic laws to ensure their compatibility with NATO rules and regulations. NATO further expects aspiring members to accede to the various international treaties and agreements that define NATO's character and composition.⁸³

Available [online]: http://www.president.ee/eng/e_speeches.html

⁸¹ NATO, "Membership Action Plan."

⁸² Ministry of Defense of the Republic of Estonia, "Estonian National Program 2001."

⁸³ NATO, "Membership Action Plan"

Estonia has actively pursued the rectification of inconsistencies between domestic law and NATO rules and regulations. To this end, the 2000 ANP directed legal efforts toward the clarification of civil-military relations, development of a legal framework for rendering host-nation support and participation in international peace support operations, and the adoption of an amended Peacetime National Defense Act.⁸⁴ The 2001 ANP recognized the accomplishment of these goals as well as the adoption of a new Military Service Act, which defines the legal status of military personnel and their social benefits, career system, and compulsory military service and the implementation of legal arrangements for participation in collective defense.⁸⁵ Estonia is firmly committed to ensuring her domestic laws match NATO's rules and regulations.

E. CONCLUSIONS

Officially, Estonia seeks membership in both the European Union and NATO as means to fulfill her quest for security and stability. Membership in the European Union would provide necessary economic and political stability that would allow Estonia's economic growth to continue and solidify, while membership in NATO would provide the necessary "hard" security guarantees that would allow her to direct the spending of her national treasure on continued growth of the democratic society she seeks. Officially, Estonia's goals seem clear cut, but do her actions match her stated goals? In reality, it is difficult to determine Estonia's priorities with regard to accession to the EU and NATO. Currently, Estonia is probably much more ready to join NATO than she is to join the EU. In part, this is because NATO accession does not require candidates to meet as many

⁸⁴ Ministry of Defense of the Republic of Estonia, "Executive Summary of the 2000 ANP." Available [online]: http://www.mod.gov.ee/english/nato/anp_summary.html

⁸⁵ Ministry of Defense of the Republic of Estonia, "Estonian National Program 2001"

stringent requirements as does the EU. At the same time, the bulk of Estonia's efforts are currently focused on the adoption of the EU's acquis, as they must be to ensure Estonia is ready for accession when the time comes. While both of these arguments are important to the question, neither provides a full answer. Indeed, in Estonia's case, the best question may not be what are her priorities, but rather what can she achieve?

The answer to this question is also not entirely clear. Based on her actions and decisions over the past several years, Estonia seems likely to be ready to answer NATO's call when, and if, it should come for the next round of enlargement. Estonia's eager participation in both the EAPC and PfP from the beginning of those programs laid a strong groundwork for the future of her defense forces and institutions. Based on this foundation, Estonia has outlined plans for the future that would continue to ensure that her forces are not only up to the task of defending Estonia, but also of adding to the security and stability of the European system. In terms of accession to the EU, Estonia faces the difficult challenge of meeting all of the requirements of the acquis. In most areas, she has shown strong efforts toward meeting these goals. At the same time, her efforts have not been uniform, and in some areas, a large amount of work remains to be done. Overall, the European Commission regarded Estonia's efforts as largely satisfactory, but her efforts toward the implementation of legislation regarding the Common Agricultural and Common Fisheries Policies, as well as in the area of social and labor issues remain well below EU standards, as does the pace of these efforts. These are not the only difficulties Estonia faces in implementing the acquis, but they are indicative of the problems she faces.

The memory of Estonia's historical continuity and her links to Europe run strong in the current government, and influence foreign policy decisions just as strongly. In this sense, Estonia's foreign policy priorities are security and stability. She sees the EU and NATO as complimentary institutions that work together to fulfill this need. In a 1997 speech to the North Atlantic Council, Foreign Minister Toomas Hendrik Ilves argued that Estonia sought admission to both institutions because they are not interchangeable. Each provides a distinct aspect of security and stability, and having one without the other is not acceptable. Membership in the EU provides the stability upon which the military and defense guarantees of NATO rest. At the same time, NATO's security guarantees offer its members the opportunity to pursue economic growth and prosperity without the need to maintain large military forces to defend them alone. Estonia seeks membership in both institutions as two sides of the same coin; whether she will be able to achieve both in the next round is unlikely, and is, at the least, an open issue.

III. LATVIA'S PRIORITIES FOR WESTERN INTEGRATION

A. INTRODUCTION: WHY WOULD LATVIA WANT TO INTEGRATE WITH WESTERN EUROPE?

Latvia represents a very different case than that of Estonia. Where Estonia's experiences as a Soviet republic, and her renewal of independence, were relatively peaceful, Latvia had to fight to gain her independence on two occasions and was heavily colonized by ethnic Russians during the Soviet period. Consequently, Latvia has had to make very different decisions regarding her future in Europe.

1. Historical Context

Although Latvia's experiences during the Soviet period, and her part in the dissolution of the Soviet Union, resemble the experiences of Estonia and Lithuania, Latvia's historical experience prior to Soviet domination was unique and provides important context for understanding her drive for independence. Starting in the early 1300s, Latvia was ruled by a succession of foreign powers, culminating in Russia's conquering of Latvia during the 1700s.⁸⁶ By 1900, Latvia had become an important part of the Russian Empire as nearly one quarter of all Russian trade passed through Latvian ports.⁸⁷ The outbreak of the First World War dramatically changed Latvia's fortunes, and paved the way for her future independence.

Latvia was essentially a divided territory toward the end of the First World War, as the German Army invaded Russia through Latvia. This German military advance

⁸⁶ In succession, Latvia was ruled by the Vatican, Denmark, Prussia, Poland-Lithuania, Sweden, and finally Russia. Juris Dreifelds, *Latvia in Transition* (Cambridge; New York: Cambridge University Press, 1996), 22.

⁸⁷ *ibid.*, 23.

displaced more than half of Latvia's population, and most of these refugees eventually settled in northeastern Latvia where their huge numbers, including large numbers of Latvian Riflemen, provided fertile ground for a growing Bolshevik movement.⁸⁸ Latvian dissidents living under German occupation declared independence for the Latvian state on 18 November 1918. Shortly afterward, between December 1918 and January 1919, Latvian Bolsheviks seized power throughout Latvia. Bolshevik rule quickly lost public support, and lasted only six months.⁸⁹ Latvian did not achieve independence in practice until January 1920 when Polish and Latvian troops cleared the last Communist forces from Latvian territory.⁹⁰

For all intents and purposes, the independence Latvia achieved in 1920 seemed to be a lasting thing. In August of that year, Latvia and Russia concluded the Treaty of Riga, in which Russia extended *de jure* status to Latvian independence and renounced "voluntarily and for eternal times" all rights over Latvia and her people.⁹¹ With Germany in disarray following the war, and Russia having renounced her rights to the territory, Latvia appeared to be well established in her independence. In fact, Latvian independence only lasted until 1940 when Soviet troops, under the auspices of the secret protocols of the Molotov-Ribbentrop Pact, annexed Latvia. Eternity had lasted less than twenty years.

⁸⁸ ibid., 23-34. The Latvian Riflemen that joined the Bolshevik movement became the foundation of the Red Guards. Additionally, the first Commander in Chief of the Red Army, J. Vacietis, was Latvian.

⁸⁹ ibid. Stalin used this brief period of Bolshevik rule in 1940 and after 1945 to justify Soviet occupation of Latvia as the "renewal" of Soviet power.

⁹⁰ ibid., 26.

⁹¹ ibid.

Latvia struggled under Soviet domination until the renewal of Latvian independence came on 6 September 1991.⁹² Latvia's return to independence was not destined to be as smooth as that of Estonia, however. In January 1991, armed conflict erupted between Latvian troops and hostile forces of the "National Salvation Committee" and Russian Interior Ministry troops.⁹³ The fighting ended after several weeks, resulting in an uneasy peace between Latvian reformers and those forces that sought to keep Latvia a part of either the Russian Federation or a revived USSR. The attempted Communist coup in Moscow in August 1991 triggered a similar action in Latvia when Russian Army and Interior Ministry troops occupied key points in Riga, including radio and television studios and government buildings, as part of an attempt to overthrow the fledgling Latvian government.⁹⁴ The failure of the coup in Moscow led to the withdrawal of Russian forces from the seized buildings and ended Russian attempts to prevent Latvian independence. Despite this acquiescence, Russia continued to maintain her troops previously stationed on Latvian soil until 1994.

The differences between Latvia's renewal of independence and that of Estonia could hardly be more dramatic. Unlike her neighbor to the north, Latvia was forced to fight for her independence on two occasions, in 1918-1920 and again in 1991. This fact had a definite impact on Latvia's relations with Russia and on her quest for security and stability. History and geography have thus played an important role in the development of

⁹² The Latvian Saeima actually declared Latvian independence on 4 May 1990, but this act was not recognized by the Soviet Union until 6 September 1991. Refer to the section on the political criteria for EU accession on page 11 for further detail.

⁹³ Western European Union Institute for Security Studies, "The Baltic States: Security and Defense after Independence," (Brussels: WEU, 1995), 35.

⁹⁴ *ibid.*

Latvia's worldview. Latvian efforts to join the European Union and NATO must be viewed in this context.

2. Inclusion vs. Exclusion

One of the most important issues Latvian foreign policy has been forced to address in the post-Soviet period is the issue of inclusion vs. exclusion, an issue that has operated on two levels. On one hand, Latvia sought inclusion in Western Europe through membership in NATO and the European Union. On the other hand, Latvia was forced to address the issue of integration at home as a prelude to integration with Western Europe. Latvia has a checkered past with respect to the integration of national minorities and stateless persons. For most of her first period of independence, Latvia supported positive treatment for minorities. In fact, during the 1920s and early 1930s, many Russian, Jewish, and other refugees fleeing the Soviet Union found refuge in Latvia. This situation changed in May 1934 when an authoritarian coup toppled Latvia's elected government and instituted restrictions against minority access and rights as a form of defensive nationalism to preserve ethnic Latvian dominance.⁹⁵

The dilution of Latvia's ethnic population became an issue during the period of renewed independence in 1990. The basis of this issue had to do with the effects of Soviet Russification efforts during the period of Soviet domination. Latvia's native population declined by 20 percent during the period from 1939 to 1989 to just over half of the total population. During the same period, Latvia's Russian population increased from one-tenth of the total population to one-third.⁹⁶ This dilution of ethnic Latvians and

⁹⁵ Dreifelds, *Latvia in Transition*, 29.

⁹⁶ Graham Smith, "The Resurgence of Nationalism," in *The Baltic States: The National Self-Determination of Estonia, Latvia, and Lithuania*, ed. Graham Smith (New York: St. Martin's Press, 1994),

corresponding growth in the percentage of Russians posed a problem as Latvians debated the nature of citizenship in the newly independent republic. At issue was the definition of Latvia's statehood: was Latvia a new state proclaimed in 1990 or a continuation of the state proclaimed in 1918? Latvia's "Citizen's Committees," radical nationalist groups, concluded that Latvian independence in 1990 was a renewal of the statehood proclaimed in 1918, and that citizenship in 1990 should be based on those Latvians who had been citizens at the time of Soviet annexation.⁹⁷ In contrast, in July 1989, the Latvian Popular Front, a more liberal independence movement, had advocated citizenship for all residents of Latvia, regardless of nationality, social situation, or religious affiliation, who chose to support Latvia's return to independence, and who had lived in Latvia for more than ten years.⁹⁸ The Citizen's Committees eventually won out, and Latvia's initial citizenship laws emphasized the continuity of citizenship with the continuity of statehood. Once again, a form of defensive nationalism had set in, for which Latvia was roundly criticized by Russia and the West. Although she eventually amended her citizenship laws to meet international standards, Latvia's history had already played an important role in her new period of independence. As the decade of the 1990s progressed, Latvian leaders came to realize that Latvia's strength lay in including every member of her population in society. Ethnic Latvians no longer made up a large enough proportion of the population to be able

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⁹⁷ The "parliament" formed by the Citizen's Committee was very similar to the types of alternative parliaments enacted under the "Congress of Estonia" during the same period. These parliaments were extremely nationalist and determined to preserve the inherent rights of the ethnic majority at any cost.

⁹⁸ In 1990, the Popular Front emphasized the importance of avoiding the "arrogance of one nation over another," as well as the need to avoid chauvinism, anti-Semitism, and Russophobia. Smith, "The Resurgence of Nationalism," 184-185.

to act unilaterally. A prosperous future for all Latvians, regardless of their ethnicity or place of birth, could only be assured through the inclusion of all elements into the state.

The issue of inclusion vs. exclusion is the most important factor to understanding Latvia's priorities for integration with Western Europe. Inclusion and integration are factors in nearly every assessment of Latvia's domestic and foreign policies. The importance of inclusion at home, and with Europe as a whole, is so important, it is codified in the 1997 National Security Concept. This document describes, in part, the importance of social integration in Latvia to eliminate socially destabilizing activities, any pretext for foreign intervention to protect the rights of ethnic minorities, and to ensure all residents' interest in Latvia's national permanence.⁹⁹

B. LATVIA'S STATED PRIORITIES WITH REGARD TO NATO AND EU ACCESSION

Latvia strongly desires integration with Western Europe. Latvia views virtually every delay in achieving membership in these institutions as a major setback that poses a grave risk to both Latvian security, Baltic security, and the security of Europe as a whole. Based on this discussion, it is possible to examine Latvia's stated priorities with respect to integration with the EU and NATO. Like Estonia, Latvia is a member of a number of European institutions including the OSCE, the Council of Europe, and NATO's Partnership for Peace program, as well as being an Associate Partner of the WEU. While these organizations are important, and Latvia has especially taken great pride in her recent presidency of the Council of Europe, they are not enough to give Latvia the sense

⁹⁹ Republic of Latvia, "Security Concept of the Republic of Latvia," 6 May 1997. Available [online]: <http://www.mfa.gov.lv/eng/policy/security/securconc.htm>

of inclusion she seeks. To achieve this goal, Latvia is pursuing membership in the EU and NATO.

Essentially, Latvia seeks membership in the EU and NATO as a means to ensure her inclusion in Western Europe, and through that inclusion, ensure her security. In a 1996 speech, Foreign Minister Dr. Valdis Birkavs expressed concern that failure by Latvia to gain admission to the EU and NATO would cause severe destabilization in Latvia's security environment. In the same speech, Birkavs argued that Latvia should not view either the EU or NATO as alternatives to one another. Instead, the EU and NATO are complimentary and mutually reinforcing directions of Latvia's foreign and security policy. The means established to achieve membership in both the EU and NATO are the strengthening of her statehood, consolidating the nation, bringing order to social and economic relations, and maintaining good neighborly relations.¹⁰⁰ Latvia understands that the efforts taken to meet the membership requirements can be just as important as actually gaining admission.¹⁰¹

As outlined in a January 1998 speech by Guntis Ulmanis, President of the Republic of Latvia, there are four pillars in the formation of Latvian security:

- Strong Latvian society,
- Strong Baltic Sea region, including Russia,
- Strong Europe, and
- Strong Atlanticism¹⁰²

¹⁰⁰ Dr. Valdis Birkavs, Minister of Foreign Affairs of the Republic of Latvia, "NATO and the Baltic States: Quo Vadis," address at the Latvian Institute of International Affairs III International Conference, Riga, Latvia, 7 December 1996.

¹⁰¹ Dr. Valdis Birkavs, Minister of Foreign Affairs of the Republic of Latvia, "Prospects for Latvian Security and Baltic Development Before the Luxembourg Summit," address at conference "After Madrid and Amsterdam: Prospects for the Consolidation of Baltic Security," Riga, Latvia, 6 December 1997.

¹⁰² Guntis Ulmanis, President of the Republic of Latvia, "Baltic Security: The President's Perspective," address at the Carnegie Endowment, Washington, DC, 14 January 1998

For Latvia, inclusion in Western Europe is the only way to guarantee her security. Indeed, Latvia believes that the key to overall European security and stability is dependent on the integration of all European states. Dividing lines and gray zones, such as were prominent throughout the twentieth century, must be avoided at all costs.¹⁰³ Latvia's efforts to "go it alone" failed miserably in the past, and she hopes to be able to join the EU and NATO to ensure her future. As Foreign Minister Birkavs said at a 1997 conference in Helsinki, "Why sit on the sidelines and have the game decided by others?"¹⁰⁴ The obvious question is what does Latvia hope to gain by getting into the game.

The chief goal of Latvian foreign policy is to firmly root Latvia in Europe at all levels, to include social, cultural, economic, political, and military.¹⁰⁵ Latvia views Europe as a community of nations who share common values, such as democracy, respect for the rule of law, free market economics, and respect for human rights.¹⁰⁶ Latvia sees the European Union as the path to ensuring her status as a modern European state in social, cultural, economic, and political terms. In a statement at the opening of Latvia's accession negotiations with the EU in 2000, Latvia's Foreign Minister, Indulis Berzins, argued EU membership was the best way to support Latvia's national interests, support

¹⁰³ Latvia viewed delays in opening negotiations for EU accession with Latvia and Lithuania as creating new gray zones and dividing lines, this time *between* the Baltic republics. – Dr. Valdis Birkavs, Foreign Minister of the Republic of Latvia, "Putting Baltic Security on the European Agenda," presentation at the Conference on Security in the Nordic Countries and Adjacent Areas, Helsinki, Finland, 25-26 August 1997.

¹⁰⁴ Birkavs, "Putting Baltic Security on the European Agenda."

¹⁰⁵ Dr. Valdis Birkavs, Minister if Foreign Affairs of the Republic of Latvia, "The Security Structure Being Shaped in the Baltic Region," opening remarks at Conference of the Latvian Institute for International Affairs and the Polish Embassy, Riga, 4 February 1999.

¹⁰⁶ Indulis Berzins, Minister of Foreign Affairs of the Republic of Latvia, "Europe Whole and Free: Latvia's Choice," Czech Republic, 17 October 2000.

the development of democracy, protect her language and culture, and reinforce her sovereignty.¹⁰⁷

For Latvia, successful integration and inclusion at home will lead to integration and inclusion in Western Europe. Latvia's integration into Europe requires the consolidation of an inclusive society in Latvia, a society in which any person loyal to Latvia, regardless of their origin, will feel welcome.¹⁰⁸ In a July 1998 statement, then Foreign Minister Birkavs laid the groundwork for this idea, saying, "We understand in Latvia that security at home is the foundation for international security."¹⁰⁹ To achieve this goal of a tolerant, educated, and integrated society that would lead to Latvia's integration in Europe, Foreign Minister Berzins articulated three tools, hereafter referred to as the "October Tools:" sustainable economic development, promotion of common values, and cultural pluralism and diversity.¹¹⁰ Integration thus plays an important role in Latvia's policies, and is a goal for both her foreign and domestic policies.

Latvia's priorities with respect to NATO membership follow along the lines of her priorities for EU membership. Latvia regards NATO as an organization that provides stability and predictability; just the sort of situation a state needs to consolidate its

¹⁰⁷ Statement by the Foreign Minister of Latvia, H.E. Mr. Indulis Berzins, on the occasion of the opening of Latvia's accession negotiations with the European Union, Brussels, 15 February 2000.

¹⁰⁸ "It is important for us to consolidate a cohesive society on the basis of shared ideas and principles...which form the basis of any cohesive society, [and] are the most important part of the integration process." – Guntis Ulmanis, President of the Republic of Latvia, "Integration of Latvia into Europe," address at the Foreign Policy Institute of Italy, Rome, 29 April 1998.

¹⁰⁹ Dr. Valdis Birkavs, Minister of Foreign Affairs of the Republic of Latvia, "From the Baltics to the Barents Sea: A Developing Vision for Cooperation and Development," Conference on "Opening Doors in the Baltic Sea Region: Latvian and Norwegian Perspectives," Melbu, Norway, 11 July 1998.

¹¹⁰ Berzins, "Europe Whole and Free: Latvia's Choice"

modernization efforts.¹¹¹ Latvia desires to join NATO to provide the hard security guarantees that will allow her modernization and integration efforts to continue unimpeded. Indeed, Latvia believes that only NATO membership will assure her that every security challenge will be addressed collectively with like-minded countries.¹¹² NATO membership is thus an additional means to achieve the end goal of integration and inclusion, both at home and abroad. Foreign Minister Berzins articulated this issue the best during a November 1999 address: "The EU with its strengthening of home and justice affairs and the hardened security of NATO...this is the right combination for Latvia."¹¹³ NATO's hard security guarantees will provide the necessary stability for Latvia to pursue integration and inclusion with the EU.

C. INTEGRATION WITH THE EUROPEAN UNION

Latvia views EU integration as vitally important to her future. A 1995 statement from the Latvian parliament, the Saeima, argued that EU accession was an opportunity vital to the survival of the Latvian state and people. Furthermore, it argued, economic alignment with the EU was bound to promote faster development of Latvia's economy and culture. Consequently, the statement defined accession to the EU as a strategic aim of Latvian foreign policy.¹¹⁴ In order to examine Latvia's priority for EU integration, this

¹¹¹ Birkavs, "Prospects for Latvian Security and Baltic Development before the Luxembourg Summit."

¹¹² "We must avoid the arrangements, be it regional pacts or semi-alliances...which bring a risk of fragmentation and isolation of the Baltic States from the integration processes taking place in Europe." – Dr. Valdis Birkavs, Minister of Foreign Affairs of the Republic of Latvia, "How Secure are the Baltic States?" Conference organized by the Konrad Adenauer Foundation and the Latvian Institute of International Affairs, Riga, Latvia, 5 December 1998.

¹¹³ Indulis Berzins, Foreign Minister of the Republic of Estonia, "Regional Security in the New Europe: The Impact of Kosovo and the Enlargement of European Institutions," address at the Fourth Annual Stockholm Conference on Baltic Sea Region Security and Cooperation, Stockholm Sweden, 4 November 1999.

¹¹⁴ Republic of Latvia, "Memorandum of the Government of the Republic of Latvia on Agenda 2000

section will look at Latvia's efforts with respect to meeting the EU accession requirements in the context of the “October Tools”: sustainable economic development, promotion of common values, and cultural pluralism and diversity.

Latvia's relationship with the EU has been slightly different from that of Estonia given that Latvia did not begin formal accession negotiations until February 2000. Although formal negotiations did not begin until 2000, the December 1997 Luxembourg European Council Summit allowed the next group of accession candidates, which included Latvia, to proceed with accession plans so they would be at the highest level of readiness when formal negotiations did commence. Based on this plan, the EU produced the same progress reports on Latvia as it did for Estonia. This section will examine how Latvia's policy decisions mesh with the requirements for EU membership. These requirements were outlined in the first chapter, and this section will use the same methodology as that used in Chapter Two, “Estonia's Priorities for Integration,” with a specific emphasis placed on those efforts related to integration and inclusion.

1. Political Criteria

Latvia faced significant difficulties in establishing her first independent post-Soviet era government. Faced with armed intervention by Russian military and Interior Ministry forces, it took nearly a year and a half after her declaration of independence for Latvia's newest democratic government to govern independently. The decline of the percentage of the Latvian majority population, coupled with Russia's attempts to disrupt the independence process, led to defensive actions by the Latvian government. One such

– European Commission Opinion on Latvia's Application for Membership of the European Union.” Available [online]: <http://www.eib.lv/www/owa>

act was the restoration of the 1922 State Constitution, with minor changes. The most severe act, however, was the first post-independence citizenship law, which was extremely strict and cut all non-Latvians out of political and, to a certain extent, economic arenas.¹¹⁵ Latvia eventually amended the law to include all residents who met basic residence requirements, but the turmoil over the question of citizenship is indicative of Latvia's efforts to meet the political criteria for EU accession.

The 1997 European Commission Opinion on Latvia's Application for Membership of the EU gave Latvia passing marks in terms of meeting the political criteria. The opinion noted that Latvia's political institutions functioned properly and under stable conditions. Latvia, it reported, demonstrated the characteristics of a democracy, with stable institutions that guaranteed the rule of law and human rights. At the same time, the Commission noted several areas in need of improvement to ensure that Latvia continued to meet the political criteria. The areas indicated by the Commission, and those of direct importance to Foreign Minister Berzins' tools, are:

- Efforts to improve the operation of the judicial system and intensify the fight against corruption,
- Measures necessary to streamline and simplify the naturalization process to enable non-citizens to better integrate into society, and
- Measures to ensure equal rights for non-citizens and ethnic minorities¹¹⁶

¹¹⁵ Latvia's first citizenship laws granted citizenship to all those who had been citizens of the pre-World War II republic and their descendants. It allowed all others to apply for naturalization based on a minimum 16 years of residence and a basic command of the Latvian language. The amended law, signed into law on 11 August 1994, reduced the time requirement to 5 years, and added other minor stipulations.

¹¹⁶ European Union, "Agenda 2000 – Commission Opinion on Latvia's Application for Membership of the European Union." Available [online]:

<http://www.europa.eu.int/comm/enlargement/dwn/agenda2000/opinions/latvia/la-op-en.zip>

The deficiencies noted in naturalization and equality of rights for non-citizens were particularly surprising given Latvia's recognition in her 1997 National Security Concept of the need for social integration.

Specific deficiencies noted in each of these areas are as follows. With respect to the judicial system, the Commission noted deficiencies in implementing and enforcing decisions taken by the courts. With respect to the naturalization process, the Commission recommended amending the Citizenship Law to remove the "windows" for naturalization. These windows only allowed a very limited number of non-citizens to apply for naturalization in any given year, and these were normally subject to minimum age requirements for that year. The effect was that few non-citizens were applying for naturalization. With respect to equality of rights for non-citizens and national minorities, the Commission noted that non-citizens were denied some fundamental rights and were barred from owning property and holding certain jobs.¹¹⁷

The European Commission's 1998 Regular Report on Latvia's progress toward accession did note some progress in the trouble areas noted in the 1997 Commission Opinion. For example, the Regular Report recognized the implementation of reforms, such as a basic framework for the reform of the institute of court bailiffs, designed to improve enforcement and implementation of court decisions, but also noted the need for improved judicial salaries and training and administration of the courts.¹¹⁸ The Citizenship Law was amended to make naturalization easier and more accessible through

¹¹⁷ EU, "Agenda 2000."

¹¹⁸ European Union, "1998 Regular Report from the Commission on Latvia's Progress towards Accession," 9. Available [online]:

http://www.europa.eu.int/comm/enlargement/dwn/report_11_98/en/latvia_en.doc

the elimination of the windows system, the granting of citizenship to stateless children at birth, and the easing of naturalization requirements for those over the age of 65.¹¹⁹ Efforts to improve equality among non-citizens and ethnic minorities included the January 1998 promulgation of a new Amnesty Law that put citizens and non-citizens on equal footing, the April 1998 abolition of restrictions on non-citizens holding most jobs, with a government pledge to abolish the remaining restrictions, and the May 1998 amendment to the unemployment regulations removing the requirement for job seekers to provide proof of their knowledge of Latvian. At the same time, the Commission noted the need for reinforcement in the draft Language Law to ensure its applicability and fairness for the whole population.¹²⁰

The Commission's 1999 Regular Report noted even further progress by Latvia in meeting the deficiencies noted by previous reports. Greater strides in judicial reform occurred with the establishment of a Disciplinary Board of Judges and a Judicial Qualification Board for more objective evaluation of judges and the granting of judicial qualification degrees, respectively. Additionally, basic salaries increased and voluntary judicial training became available. The March 1999 Law on Civil Procedure improved the functioning of the courts system, while the November 1999 Penitentiary Law improved, in particular, the mechanisms for carrying out sentences. The Commission noted the need for the proposed framework on the institute of court bailiffs to be

¹¹⁹ EU, "1998 Regular Report," 11-12.

¹²⁰ EU, "1998 Regular Report," 13

approved and the need to reduce the backlog of cases and improve the judicial infrastructure.¹²¹

With respect to naturalization of non-citizens, the Commission noted dramatic increases in both the numbers of applications and the numbers of approvals for naturalization. By the end of 1999, Latvia met all of the OSCE's requirements regarding naturalization procedures. The framework document of the national program for "The Integration of Society in Latvia" was debated in public forum between March and May 1999, and was scheduled to be submitted to the government by the end of the year. In addition, schools had until August 1999 to choose one of four bi-lingual teaching methods outlined in the 1998 Education Law. Deficiencies noted included the need to amend the 1999 Language Law to bring it in line with European norms and a review of those professions from which non-citizens continued to be barred.¹²²

The 2000 Regular Report noted continued progress toward the full implementation of the political criteria, as well as noting areas for further efforts. In terms of the judicial system, the Commission commented favorably on a number of structural changes designed to streamline the effectiveness of the courts. At the same time, the Commission did recognize several glaring errors in need of immediate attention. These problem areas included the need for passage of the proposed legislation on court bailiffs (again), the need for a Law on Criminal Procedure comparable to the Law on Civil Procedure passed in 1999, and the need for expanded judicial training. All of these efforts

¹²¹ European Union, "1999 Regular Report from the Commission on Latvia's Progress towards Accession," 13. Available [online]:

http://www.europa.eu.int/comm/enlargement/dwn/report_10_99/en/word/latvia_en.doc

¹²² EU, "1999 Regular Report," 17-18.

would further increase the efficiency of the courts and improve the execution of sentences.¹²³

With respect to naturalization and integration, the Commission noted a continued decline in the numbers of non-citizens since the amendment of the naturalization procedures. In addition, the national program for integration of Latvian society was adopted in December 1999. Latvia amended the 1999 Language Law to bring it in line with European norms as of September 2000. Despite these efforts, some problems still remained in terms of integrating non-citizens. For example, the government failed to conduct its self-appointed review of the remaining professions from which non-citizens were barred.¹²⁴

2. Economic Criteria

Latvia's position on the Baltic Sea, and her access to ice-free ports, has made her an important economic power throughout her history. Whether as a member of the Hanseatic League in the 15th century or as a major transshipment point for Russian trade during the 19th and 20th centuries, Latvia has consistently played an important role in the economic sphere of the region. In the interwar period, Latvia was able to build a thriving economy without having to accept large amounts of foreign aid and accrued little debt in doing so. The large amounts of gold bouillon deposited in Western banks during this period attest to the solvency of the Latvian economy and form the basis for the current

¹²³ European Union, "2000 Regular Report from the Commission on Latvia's Progress towards Accession," 16-18. Available [online]:

http://www.europa.eu.int/comm/enlargement/dwn/report_11_00/pdf/en/lv_en.pdf

¹²⁴ EU, "2000 Regular Report," 22, 23.

monetary stability of the Latvian currency.¹²⁵ This period of economic well being ceased immediately upon annexation by the Soviet Union, but Latvia has been able to regain some of her former economic glory since regaining her independence. This is not to say that Latvia has not encountered difficulties on her climb back to a market oriented economy. To the contrary, the Soviet period left Latvia ill-equipped to function in a modern market economy. The combined tasks of rebuilding the instruments of state power and rebuilding a market economy have hindered the success of both efforts, with the result, in terms of economics, being slow restoration of market oriented economic structures. For example, Latvia liberalized foreign trade, interest rates, and wages immediately upon regaining independence, but the pace of privatization of industry and businesses has progressed much more slowly. This section will focus on Latvia's efforts in all of these areas to meet the economic criteria of the EU accession requirements, and specifically on those areas of greatest importance to Foreign Minister Berzins' tool of sustained economic development.

The European Commission's 1997 Opinion on Latvia's Application for membership of the EU met with mixed results in evaluating Latvia's fitness to meet the economic criteria of the accession process. The Commission found that Latvia had made substantial progress toward the development of a functioning market economy. Prices and trade had been liberalized for the most part, but market access for new and foreign firms was hampered by deficient legislation and red tape, and the privatization process was proceeding too slowly. Other areas of concern for the Commission included the lack

¹²⁵ Latvia deposited 10.6 tons of gold in US, UK, French, and Swiss banks during the interwar period. Dreifelds, *Latvia in Transition*, 28.

of regulatory bodies to ensure fair market competition, a weak banking system, and a limited tax base and poor tax collection procedures.¹²⁶

In terms of the ability to cope with market pressures in the EU, the Commission found Latvia severely wanting. The Commission determined Latvia would face serious difficulties in trying to cope with the competitive pressure and market forces within the EU in the medium term. Despite the existence of a functioning market economy, the economy as a whole was simply too weak. The Commission noted that opening up the Latvian economy to competition in the early 1990s exposed its weakness and underlined the need for restructuring of the industrial and agricultural sectors. Much of Latvia's competitiveness and ability to export goods was founded on her low wage levels, but most of her export goods were low value-added items. Thus, Latvia could produce goods relatively cheaply, but those goods were essentially viewed as being of inferior quality. In terms of foreign trade, the EU accounted for one-half of Latvian imports and less than one-half of Latvian exports, while Russia remained Latvia's number one trading partner.¹²⁷ In short, Latvia possessed some, but not all, of the qualities necessary for sustained economic development.

The Commission's 1998 Regular Report found that Latvia had made some progress toward improving her economic outlook since 1997. The crowning achievement was Latvia's acceptance into the World Trade Organization in October 1998, but overall the Commission noted Latvia was well on her way to being able to cope with competitive pressures in the EU and continued to make solid progress in the consolidation of the

¹²⁶ EU, "Agenda 2000," 33-34.

¹²⁷ EU, "Agenda 2000," 35-37.

market economy. Areas of improvement recognized by the Commission included the establishment of a Competition Council and a Competition Board to regulate fair economic competition, strengthening of the banking sector, increased foreign direct investment (FDI), and increased trade with the EU. Areas in need of improvement included further privatization of state-owned enterprises, the need for legislation to fill holes in the regulatory framework, greater investment in the country's infrastructure, and a widening of the trade base.¹²⁸ Overall, Latvia made progress in 1998, but much more work needed to be done to be able to create sustainable economic development.

Latvia's strong trade links with the Russian Federation produced an economic downturn in Latvia in the wake of the August 1998 Russian financial collapse. Consequently, the outlook for 1999 was not as favorable as the previous year's. The 1999 Regular Report noted a deceleration in growth of Latvia's GDP in the last half of 1998, an increase in unemployment, and an increase in the trade deficit as exports to the EU far outstripped exports to the Russian Federation. The 1999 Regular Report did not contain only bad news however. The Commission did recognize increased export levels to the EU with the result of gradually widening Latvia's trade base, the drawing to a close of privatization of state-owned enterprises, and an increase in regulatory legislation to strengthen the financial sector in the wake of the Russian financial collapse.¹²⁹ In order to ensure continued positive progress in the economic arena, the Commission recommended increased investment in the infrastructure, greater skill diversification for laborers,

¹²⁸ EU, "1998 Regular Report," 19-20, 21-22.

¹²⁹ EU, "1999 Regular Report," 28.

continued privatization, and the removal of any remaining legal roadblocks to private enterprise development and investment.¹³⁰

The European Commission's 2000 Regular Report represented Latvia's first official assessment with respect to accession negotiations. The report was essentially rosy, but the Commission did note several areas that required action to ensure continued progress toward integration with the EU. These areas primarily focused on the market economy and the need for improved access to it. Latvia had made great strides in this area since the 1997 Opinion, but greater efforts were still required. For example, privatization of the remaining state-owned enterprises, progress on which had not been achieved since 1998, was noted as a glaring need. Additionally, the Commission noted the need for improved access to the market by domestic private and foreign enterprises and the need for increased public and private investment in the economy.¹³¹ Overall, however, Latvia has made significant strides toward producing an environment conducive to producing sustainable economic growth.

3. Ability to Assume the Obligations of Membership

The EU acquis is the most complex portion of the accession negotiation process, and the portion that requires the most effort by candidate countries to fulfill. Latvia is no different than other candidates in this respect, as the European Commission noted both positive and negative aspects of Latvia's likelihood to be ready to assume these obligations. The EU acquis covers a number of areas, not all of which are relevant to this

¹³⁰ *ibid.*

¹³¹ EU, "2000 Regular Report," 34.

discussion of Latvia's priorities. Those areas that are most relevant, however, are as follows:

- The Four Freedoms (Free movement of goods, capital, services, and persons),
- Sectoral Policies, specifically industrial, agricultural, and small- and medium-sized enterprises (SMEs), and
- Economic and Social Cohesion

There are possibly other areas that directly or indirectly address the tools outlined by Foreign Minister Berzins, but those areas listed above are the most relevant to this discussion.

a) The Four Freedoms

The 1997 Commission Opinion found Latvia had created or was in the process of creating the most important directives necessary for the regulation of a market economy. The report noted the need for further legislative efforts regarding public procurement and intellectual and industrial property rights.¹³² In terms of the free movement of goods, Latvia adopted laws regarding technical barriers to trade in 1996, and by 1997 had already introduced liberal price, trade, and foreign exchange regimes and established the necessary basic legal and commercial rules regarding movement of goods across borders.¹³³ By 1997, Latvia had abolished nearly all restrictions on the free movement of capital, restrictions on foreign purchases of land and industries were significantly loosened, and the state was well on its way to full harmonization of banking legislation with the EU.¹³⁴ Greater efforts were required with respect to the free movement of persons.

¹³² EU, "Agenda 2000," 42

¹³³ ibid., 43, 44

¹³⁴ ibid., 46, 48

The Commission's 1998 Regular Report noted satisfactory progress in all of these areas. In terms of the free movement of goods, Latvia continued to make progress in drafting and implementing legislation governing this area. The report defined the main area for future improvement as increasing the technical and financial participation of Latvian industries in standardization activities.¹³⁵ Little change was made in 1998 in the area of free movement of capital, although in the area of free movement of services, Latvia continued to make great strides in the harmonization of her banking legislation with that of the EU. Finally, Latvia adopted no significant new legislation with respect to the free movement of persons in 1998. The Commission noted the need for improved enforcement of legislation in nearly all areas as the primary area of concern regarding the Four Freedoms.¹³⁶

The 1999 Regular Report recognized Latvia's continued efforts in the area of the Four Freedoms. In terms of the free movement of goods, the report noted Latvia had successfully implemented the basic principles for standardization (transparency, consensus, voluntary participation, and wide participation) following the adoption of the Law on Standardization in December 1998. Latvia also continued to make progress with regard to implementation capacity with the establishment of several independent institutions focused on this capacity.¹³⁷ In terms of the free movement of capital, Latvia also made excellent progress in 1999. The only significant remaining restrictions were in direct investment in certain types of companies and acquisition of land by foreign

¹³⁵ EU, "1998 Regular Report," 24

¹³⁶ *ibid.*, 27

¹³⁷ EU, "1999 Regular Report," 31

nationals and certain types of companies.¹³⁸ With respect to the free movement of services, Latvia continued in 1999 to implement legislation in accordance with the acquis and EU norms. Finally, Latvia failed to adopt necessary legislation concerning the free movement of persons in 1999.

The 2000 Regular Report recognized Latvia's continued progress in the area of the Four Freedoms. Specifically, Latvia continued to align legislation with respect to the free movement of goods with the EU acquis, and strengthened administrative structures such as the standardization bodies.¹³⁹ In terms of the free movement of capital, Latvia's legislation and policies were largely in alignment with the acquis. Areas of concern continued to be isolated restrictions on foreign investors, and certain forms of investment in the security sector and foreign assets.¹⁴⁰ With respect to the free movement of services, Latvia continued to be in accordance with the acquis with regard to the banking sector, but the Commission noted the need for improvements in aligning insurance legislation with that of the acquis. Finally, Latvia continued her failure to make any progress with respect to the free movement of persons, a somewhat ironic occurrence given her stated desires for integration and inclusion.

b) Sectoral Policies

(1) Industry. At the time of the 1997 Commission Opinion, Latvia had been successful in restructuring her inherited industrial base to meet the needs of a modern market economy. At that time, Latvian industry focused primarily on low-value added labor intensive sectors such as food processing, construction, forestry, and

¹³⁸ ibid., 32

¹³⁹ EU, "2000 Regular Report," 38

¹⁴⁰ ibid., 43

clothing; areas that were successful in integrating with the EU market and in securing competitive advantages with Russia and the other CIS countries.¹⁴¹ The most pressing needs for the future, as noted by the Commission, were strengthened measures to foster domestic capital formation and foreign direct investment.¹⁴²

The 1998 Regular Report recognized satisfactory improvements over the previous year. For example, 1998 saw increased industrial output, exports of industrial products, labor productivity, and the volume of productive investments to the manufacturing sector. In order to capitalize on these gains, enlarge the export base, and increase productivity, the Regular Report recommended maintaining foreign direct investment levels, increased allocation of resources to education and labor market policies, and transferring responsibility for EU-compatibility of products to the industries to allow them to gain skills necessary for competition on the open market.¹⁴³

The impact of the 1998 Russian financial crisis on Latvian industry caused the government to place greater emphasis on industrial analysis, defining competitive advantages, identification of market failures, and increased involvement of industrialists, universities and centers of excellence in the industrial sector. Latvia recognized the need for government support for this sector in conjunction with a healthy respect for the free market. Additionally, the Russian crisis forced Latvia to recognize the need for increased research and development and upgrading professional skills of workers. Finally, the aftermath of the crisis highlighted a larger number of barriers to

¹⁴¹ EU, "Agenda 2000," 69

¹⁴² ibid., 72

¹⁴³ EU, "1998 Regular Report," 31

investment than had been previously recognized.¹⁴⁴ Latvia undertook efforts to address these issues.

Latvia primarily focused on investment promotion during 2000. For example, Latvia continued efforts to remove barriers to foreign investment and to provide foreign investors with incentives to invest in Latvian industry. Privatization and restructuring continued to proceed, albeit at a much slower pace than previously. Additionally, privatization and promotion of investment failed to produce the expected in-depth restructuring of the sector Latvian officials expected.¹⁴⁵ Latvia made little progress in expanding the export base beyond the low-value added products that have been the staple of Latvian industry since regaining independence. The sector had likely failed to completely recover from the 1998 financial crisis.

(2) Agriculture. Latvia's agricultural sector, like that of Estonia, has faced significant problems since regaining independence. In 1997, although land reform and privatization were largely completed, Latvia's lack of a functioning land market and the complete absence of any policies similar to the Common Agricultural Policy (CAP) hampered adjustment in this sector. The Commission recommended Latvia's primary goals in this sector should be focused on strengthening the administrative structures necessary to implement and enforce the policy instruments of the CAP.¹⁴⁶

The 1998 Regular Report noted some progress in this area since

¹⁴⁴ EU, "1999 Regular Report," 39

¹⁴⁵ EU, "2000 Regular Report," 67

¹⁴⁶ EU, "Agenda 2000," 75, 76

the previous year. Structural adjustments of the sector continued to be hampered by lack of a developed land market, although privatization and land reform did continue to proceed at a satisfactory pace. The Commission noted the need for further legislative efforts to strengthen Latvia's administrative capacity to implement the CAP.¹⁴⁷

In 1999, Latvia spent more than half of the agricultural budget on programs for increased Sectoral and rural development. Among the effects of these programs were direct payment of agricultural subsidies and direct input support to the sector. Unrelated to these efforts, but of equal importance, was the failure of the land market to develop as quickly as expected. Finally, Latvia made little progress in developing the necessary mechanisms for the implementation of the CAP.¹⁴⁸ Overall, 1999 was a year of mixed results for the agricultural sector.

No significant changes occurred in Latvia's agricultural policy in 2000. Having said that, the 2000 Regular Report did note that Latvia did make some progress in implementing EU requirements and mechanisms for a limited number of agricultural products, to include quality standards for some specialty products and continued government intervention.¹⁴⁹ Whether this represented an attempt to develop the mechanisms necessary to implement the CAP was unclear. Further efforts in developing the administrative structures for the successful implementation of the CAP continued to be needed.

(3) Small- and Medium-sized Enterprises (SMEs). The

¹⁴⁷ EU, "1998 Regular Report," 32

¹⁴⁸ EU, "1999 Regular Report," 41, 42

¹⁴⁹ EU, "2000 Regular Report," 49

number of small- and medium-sized enterprises (SMEs) grew substantially in Latvia starting in the mid-1980s. By 1997, the economy had become very friendly to SMEs, but still required some improvements. The Commission recommended strengthening support infrastructures, improving the tax environment, and providing better access to financing for SMEs to accomplish this goal.

Latvia established a network of business advisory centers in 1998 to support SME development. Additionally, Latvia established a number of business innovation centers to promote the transfer of new technologies and provide support to technology-based SMEs.¹⁵⁰

Latvia's efforts in the SME sector had begun to pay large dividends by the printing of the 2000 Regular Report. By 2000, SMEs employed approximately 65 percent of the active population and produced about one-half of Latvia's GDP.¹⁵¹ With this successful groundwork laid, the Commission recommended Latvia turn her attention in this sector to the implementation of legislation and programs designed to increase education and training in management skills necessary for long-term success in this sector. In addition, the Commission recommended Latvia act to further strengthen the administrative and implementation bodies, which were too fragmented, developed to guide this sector in order to ensure a smooth transition to the common market.¹⁵²

(4) Economic and Social Cohesion. By 1997, Latvia was

¹⁵⁰ EU, "1998 Regular Report," 35

¹⁵¹ EU, "2000 Regular Report," 68

¹⁵² EU, "2000 Regular Report," 69

pursuing efforts to bring her labor laws in line with EU norms, and to address deficiencies in equal opportunity legislation and social security for migrant workers.¹⁵³ There was little change in this area in 1998. The 1999 Regular Report expressed serious doubts as to whether Latvia would be able to enforce this part of the *acquis* once it was officially adopted. Although Latvia adopted some new legislation in 1999 with respect to equal opportunity and health and safety at work, the Commission recommended further efforts and the need to strengthen all institutions in this area of the *acquis*.¹⁵⁴

The Commission's 2000 Regular Report primarily identified areas in need of improvement in the area of Economic and Social Cohesion. The Commission did note progress in the areas of health and safety and equal opportunity, with new legislation adopted in January and February 2000 respectively. In contrast, the report noted the need for reformed legislation with respect to labor laws, specifically the adoption of a new Labor Code.¹⁵⁵ In addition, the report recommended efforts to address the high unemployment rate, which stood at approximately 14.5 percent. The Commission remarked that while Latvia's legislation and regulatory bodies in this area were only partially in line with the *acquis*, large deficiencies would be addressed through the adoption of the proposed legislation.¹⁵⁶

D. INTEGRATION WITH NATO

Latvia's history of involvement with NATO goes back to the restoration of independence in 1990. Latvia participated in the first meeting of the North Atlantic

¹⁵³ EU, "Agenda 2000," 86

¹⁵⁴ EU, "1999 Regular Report," 46

¹⁵⁵ EU, "2000 Regular Report," 61

¹⁵⁶ *ibid.*, 63

Cooperation Council in December 1991, signed the Partnership for Peace founding document in February 1994, joined the Planning and Review Process (PARP) in 1995, and officially became a candidate for enlargement in April 1999.¹⁵⁷ Latvia views NATO as one link in a greater chain to integrate all of Europe as a secure and stable community. For Latvia, accession to NATO means more than just joining an integrated military organization or participating in peacekeeping operations. NATO membership means becoming an active partner in the historic process of building a Europe free of artificial borders and unfounded divisions.¹⁵⁸ Latvia is committed to becoming a full member of NATO. As outlined in chapter one, NATO's Membership Action Plan (MAP) outlines five basic issue areas that candidate countries must satisfy in order to fulfill the Alliance's membership requirements.

1. Political and Economic Issues

This discussion of Latvia's efforts to fulfill the requirements of this issue area will follow the convention outlined in chapter two, i.e., this area will be examined in terms of Latvia's respect for democracy and the rule of law, respect for peaceful international relations, and respect for the North Atlantic Alliance.

a) *Respect for Democracy and the Rule of Law*

The basis of Latvia's democratic government, like that of Estonia, is rooted in her constitution. Chapter I of the constitution states that Latvia is an independent democratic republic, and that the sovereign power of the Latvian State is

¹⁵⁷ Ministry of Defense of the Republic of Latvia, "Integration in NATO." Available [online]: <http://www.mod.lv/english/02politika/04integracija.php>

¹⁵⁸ Dr. Vaira Vike-Freiberga, President of the Republic of Latvia, "Security Aspects of Integrating Latvia into Euro-Atlantic Structures," address at the 5th Stockholm Conference on Baltic Sea Region Security and Cooperation, 19 October 2000.

vested in the Latvian people. Democratic control of the armed forces is enshrined in Chapter III of the constitution, which designates the President of Latvia as the Commander-in-Chief of the Latvian armed forces, grants him the authority to declare war, based on a decision by the Saeima, and the authority to take “whatever steps are necessary” for the military defense of the state.¹⁵⁹ Chapter VIII of the Latvian constitution defines the fundamental human rights of all human beings in Latvia, regardless of citizenship or country of origin. Indeed, the constitution states human rights shall be realized without discrimination of any kind. Chapter VI of the constitution directs that judges shall be independent and subject only to the law. Chapter VI also establishes a Constitutional Court, the purpose of which is to determine the compliance of legislation with the constitution.¹⁶⁰ Latvia’s constitution essentially establishes a system of checks and balances between the various branches of the government, a system that is very similar to the US system. Given the United States’ dominant position in NATO, a better system would be difficult to find.

b) *Respect for Peaceful International Relations*

Latvia’s history has by no means been a peaceful one. Although she faced violent attempts to prevent her independence in 1991, Latvia has staunchly supported peaceful relations with her neighbors and all nations. Indeed, Latvia’s efforts to integrate with Western Europe are driven by a search for stability, not fear of any specific threat.¹⁶¹ Latvia regards friendly relations as being important on a number of levels, to

¹⁵⁹ Republic of Latvia, “Constitution of the Republic of Latvia.” Available [online]: <http://www.vernet.lv/vt/constitution.html>. In addition, the Law on National Armed Forces and the Law on National Security further codify democratic control of Latvia’s armed forces.

¹⁶⁰ ibid.

¹⁶¹ Birkavs, “NATO and the Baltic States: Quo Vadis.”

include regional, continental, and transatlantic. Latvia has established defense cooperation agreements with 30 countries, and has signed bilateral agreements on military cooperation with 18 countries. Additionally, despite her troubled past with Russia, Latvia advocates peaceful relations with Russia and actively engaging her giant neighbor in order to improve those relations. For example, Latvia is a strong supporter of the EU's Northern Dimension and NATO's Founding Act with Russia because both programs attempt to engage Russia in constructive dialog and assuage Russian fears. Latvia's strong support for her trilateral relations with the other two Baltic republics and her active participation in wider regional organizations, such as the Council for Baltic Sea States, are further examples of her desire for peaceful international relations.

An excellent example of Latvia's commitment to peaceful international relations is the negotiations regarding Russian forces stationed on Latvian soil following the renewal of independence in 1991. Russia used these forces, and others transported from Russia, in attempts to prevent Latvian independence in 1991. Despite this unhappy history, Latvia negotiated with Russia in an open manner regarding the status of the Russian radar facility at Skrunda, and allowed the site to remain operational until Aug 1998 with an additional 18 months to disassemble it. Given her history of foreign occupation, and more recent history of Russian intransigence, Latvia could have counted on international support in efforts to immediately remove the Skrunda site. Instead, she chose to work with Russia to achieve a peaceful solution.

c) Respect for the North Atlantic Alliance

Latvia has demonstrated her respect for the North Atlantic Alliance primarily through her commitment to the principles embodied in the Washington Treaty

and her commitment to ensuring Latvian National Armed Forces are fully compatible with NATO operating forces. Latvia's National Defense Concept dictates that Latvia will develop her defense system to be fully interoperable with NATO.¹⁶² Like Estonia, Latvia has demonstrated, and continues to demonstrate, through her participation in peacekeeping missions in Croatia, Bosnia and Herzegovina, and Albania that she is ready and able to contribute to the overall security of the continent. Finally, Latvia recognizes the need to understand the Alliance as much as possible, at all levels. Her avid participation in Partnership for Peace, the EAPC, the Planning and Review Process, and the Personnel Staff Element (PSE) program, which allows partner countries to station officers from national armed forces at NATO headquarters for familiarization and integration, show Latvia's keen interest in everything that NATO entails. Latvia is deeply committed to being ready to answer NATO's call whenever it may come.

2. Defense/Military Issues

Latvia is committed to military and defense cooperation with NATO. Latvia's goal of NATO accession is predicated on her belief that membership on the Alliance is the most effective way to ensure the continuity of Latvian sovereignty and contribute to the promotion of stability throughout Europe.¹⁶³ In support of this goal, Latvia has worked diligently since regaining independence to ensure her armed forces are of sufficient caliber to operate with NATO forces. Latvia's forces gained important "real-world" experience and demonstrated their ability to operate with NATO forces through their participation in IFOR and SFOR in Bosnia and Herzegovina, KFOR in Kosovo,

¹⁶² Ministry of Defense of the Republic of Latvia, "National Defense Concept of the Republic of Latvia." Available [online]: <http://www.mod.lv/english/08akti/02defense.php>

¹⁶³ Ministry of Defense of the Republic of Latvia, "NATO Integration." Available [online]:

AFOR in Albania, and OSCE-led observer mission throughout the Balkan region. In addition, Latvia has been an enthusiastic participant in the Partnership for Peace program (PfP) and the Euro-Atlantic Partnership Council (EAPC). Latvia participated in more than 200 PfP exercises in 2000 and planned to participate in more than 190 in 2001. It is clear that Latvia views the PfP program as a vital tool for gaining invaluable practical operational experience in NATO missions. Similarly, Latvia values the Euro-Atlantic Partnership Council as an opportunity to participate in the discussions, consultations, and joint decision-making process that form the basis for the Alliance's cooperation with its members and partners, and to improve Latvia's practical preparedness for incorporation into different levels of the NATO command structure.¹⁶⁴

In addition to the rhetoric of interoperability with NATO forces, Latvia has demonstrated her commitment to providing modern armed forces for NATO operations in more practical, concrete ways. Latvia has already demonstrated that her existing forces are capable of operating with NATO forces in real-world missions. To further develop this capability, Latvia's 2001 Annual National Program (ANP) committed Latvia to improving the combat and self-defense capabilities of the National Armed Forces and improve interoperability with NATO. To accomplish these goals, the ANP plans to further develop Latvia's command, control, and communications systems, develop a logistics system, develop a total defense planning system and further develop her air, land, and naval forces.¹⁶⁵

<http://www.mod.lv/english/02politika/04integracija.php>

¹⁶⁴ ibid.

¹⁶⁵ Ministry of Defense of the Republic of Latvia, "Latvia's Annual National Program 2001:

3. Resource Issues

Like Estonia, Latvia is committed to preparing her budget expenditures to support the costs of NATO membership. Latvia determined in 1999 to gradually increase her defense spending each year to reach a goal of 2 percent of GDP by the year 2003. As the percentage of GDP allocated to defense spending has grown, so has the need for a resource management system to ensure proper allocation and expenditure of resources. Latvia is currently developing a Planning, Programming, and Budgeting System (PPBS) for the Ministry of Defense. Such a system would allow Latvia to more efficiently plan future defense expenditures. In addition, since January 2000, Latvia has used a single system for the control and monitoring of defense resources, which has streamlined and made more efficient the accounting process.¹⁶⁶ Overall, Latvia has recognized the need for more efficient budgeting and accounting mechanisms with respect to the defense budget, and has established mechanisms to address these needs.

4. Security Issues

Latvia began implementing information security mechanisms with the 2000 Annual National Program. Specifically, in 2000 Latvia introduced security programs in the Ministries of Foreign Affairs and Defense, and implemented necessary staff security clearance programs. In addition, Latvia certified the security program in the National Armed Forces and began managing NAF staff security clearances.¹⁶⁷ In 2001, Latvia

Executive Summary." Available [online]:

http://www.mod.lv/english/02politika/04integacija_reports01.php

¹⁶⁶ ibid.

¹⁶⁷ Ministry of Defense of the Republic of Latvia, "Executive Summary on the Report on Implementation of Latvia's Annual National Program 2000." Available [online]: http://www.mod.lv/english/02politika/04integracija_reports00.php.

planned to enlarge the state's classified information register system, improve the classified information protection regimes in state institutions involved in the NATO integration process, improve the system for exchange and storage of classified information, and continue to train personnel in accordance with NATO requirements.¹⁶⁸ Latvia obviously appreciates the importance of classified information security.

5. Legal Issues

Latvia began the process of harmonizing her legislation with NATO requirements in 2000. The Laws on National Security and on National Armed Forces, for example, were elaborated to remove any discrepancies with NATO legislation, and were subsequently approved by the Saeima. In addition, amendments to existing laws, such as the "Law on the Status of Foreign Armed Forces on the Territory of the Republic of Latvia" and the "Law on Entrance and Stay of Foreign Warships in the Territorial Waters and Ports of the Republic of Latvia and their Departure Thereof," were amended to allow foreign armed forces and naval vessels to legally be in Latvian territory and waters, a necessary requirement for Latvia to host NATO or PfP exercises.¹⁶⁹ The 2001 ANP continued this process and focused on restrictions and prohibitions related to Latvian defense, Latvian integration into NATO and the legal basis for the use of force, residence and status of NATO troops and personnel in Latvia, and participation by NAF units in military operations abroad.¹⁷⁰ Like Estonia, Latvia is committed to ensuring no legal roadblocks will prevent her from joining the Alliance.

¹⁶⁸ Ministry of Defense of the Republic of Latvia, "2001 ANP."

¹⁶⁹ Ministry of Defense of the Republic of Latvia, "2000 ANP."

¹⁷⁰ Ministry of Defense of the Republic of Latvia, "2001 ANP."

E. CONCLUSIONS

During the 1990s, Latvia began to try to find her way out of the chaos engendered by the 50 years of Soviet domination and the sudden collapse of her oppressor, and to plant herself firmly in the West. Implementing this goal was no simple task, and Latvia met with strong opposition on the way, especially from Russia. Latvia's solution to the problem of how to integrate with the West was to foster integration and inclusion at home. Ethnic Latvians were neither strong enough, nor did they constitute a sufficient proportion of the population, to force other ethnic groups in Latvia to submit to their desires. Consequently, Latvia's path to Western integration has been paved by Latvian integration. Integration and inclusion are the most important aspects of Latvian foreign and domestic policies, and the key to understanding Latvia's priorities for Western integration.

Latvia's efforts toward integration with the West have been centered on the tools articulated by Foreign Minister Berzins in October 2000. These tools, sustained economic development, promotion of common values, and cultural pluralism and diversity, have been the focal point of integration efforts at home and abroad. Specifically, Latvia's attempts to fulfill the membership requirements of the EU have been heavily influenced by these tools. This should come as little surprise given Latvia's position on the EU as the best way to support her national interests and reinforce her sovereignty. Politically, Latvia has focused significant efforts on naturalization of her minority populations and equal rights for the same. Economically, Latvia has focused on building the legislative framework and institutions necessary to support sustained economic growth. In terms of implementing the *acquis*, Latvia has encountered difficulties, but she strives diligently

nonetheless, guided by the Foreign Minister's tools. The requirements for EU membership mesh quite well with those tools.

If Latvia has focused so heavily on the EU, what, then, of NATO? Latvia views NATO as a guarantor of stability and a check against uncertainty. She understands the importance of NATO, and fervently seeks membership, as evidenced by her plans to bring her defense budget in line with NATO requirements. At the same time, NATO accession has assumed an almost secondary role for Latvia. Perhaps this is because NATO has been less than enthusiastic of late about enlargement. Perhaps it is because Latvia has already meets many of the requirements for NATO membership, and thus does not have to strive as hard. Perhaps, indeed, Latvia believes the expansion of the European Security and Defense Identity (ESDI) and the Common Foreign and Security Policy (CFSP) will provide the same guarantees that NATO currently provides its members. The answer is unclear.

As with Estonia, it is difficult to determine Latvia's foreign policy priority toward NATO and the EU. Latvia has made the task even more difficult by claiming to want integration with both equally. Despite this, Latvia's foreign policy statements and her actions seem to point toward a greater affinity for the EU. The EU seems to more closely mirror Latvia's quest for inclusion and integration at home. Additionally, Latvia recognizes the possibility of future military integration with the EU. Consequently, the EU would seem to have everything Latvia is looking for.

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IV. LITHUANIA'S PRIORITIES FOR WESTERN INTEGRATION

A. INTRODUCTION: WHY WOULD LITHUANIA WANT TO INTEGRATE WITH WESTERN EUROPE?

Although addressed last in this thesis, Lithuania is actually a nation of firsts. Lithuania was the first of the three Baltic republics to declare independence from the Soviet Union, on 11 March 1990. Lithuania was the first of the three to have been an independent state.¹⁷¹ Lithuania was the first, and only, European country to hold the Nazis legally accountable for their subversive tactics before the Second World War.¹⁷² Finally, Lithuania was the first of the three Baltic republics, in 1993, from which Russian troops were withdrawn following independence. In addition to these firsts, Lithuania was the least colonized by Soviet immigrants during the Soviet period, and emerged from the period of Soviet domination as the most ethnically homogenous of the Baltic republics, with roughly 80 percent of her population composed of ethnic Lithuanians.¹⁷³ Thus Lithuania, although similar in some ways to each of the other Baltic republics, forged a unique path to independence, and continues to forge a unique path to Western integration.

1. Historical Context

Lithuania is, by far, the oldest of the three Baltic republics. Lithuania first became an independent state when the Grand Duke Mindaugas united the various Lithuanian tribes sometime around the year 1230. The ancient Lithuanian state was beset by hostile forces to the east, in the form of the pre-Russian Muscovite state just then emerging from

¹⁷¹ Lithuania became an independent state circa 1230 as the Grand Duchy of Lithuania. Estonia and Latvia's first experience of independent statehood came in 1918.

¹⁷² Lithuania tried and jailed several Nazi conspirators for their part in a subversive attempt to encourage the Klaipeda region of Lithuania to request *anschluss* with Nazi Germany in 1934.

¹⁷³ The proportion of the population that is ethnic Lithuanian remained virtually unchanged between 1939 and 1989 at approximately 80 percent.

the chaos of Mongol rule, and the west, in the form of German crusaders based in Königsberg.¹⁷⁴ To better face this dual challenge, Lithuania formed a union with Poland to the south in 1386, a union that would later form the basis for bitter rivalry between the two in the wake of the First World War. Russia partitioned the Polish-Lithuanian kingdom in three waves in 1772, 1793, and 1795, and Lithuania formed a part of the Russian Empire from 1795 until regaining her independence in 1918.¹⁷⁵

Lithuania regained her independence in 1918 almost by accident. The Treaty of Versailles and US President Woodrow Wilson's "Fourteen Points" did not specifically mention Lithuania as one of the nations to be restored to statehood after the First World War.¹⁷⁶ In fact, the Western powers fully expected Lithuania to be absorbed by Poland. Because of the fear of the spread of Communism into Western Europe, the Western Powers forbade Germany, which had occupied all of Lithuania and parts of the other Baltic republics during the war, to withdraw her forces until the Baltic region was able to defend itself.¹⁷⁷ Lithuania emerged from the First World War with her two traditional oppressors, Germany and Russia, in ruins, and had only to fend off expansionist claims by Poland.

The Soviet Union, built on the ashes of the defeated Russian Empire, annexed Lithuania in 1940 along with Estonia and Latvia. Lithuania spent her years of Soviet

¹⁷⁴ Kristian Gerner and Stefan Hedlund, *The Baltic States and the End of the Soviet Empire* (London; New York: Routledge, 1993), 52.

¹⁷⁵ *ibid.*, 53.

¹⁷⁶ V. Stanley Vardys and Judith B. Sedaitis, *Lithuania: The Rebel Nation* (Boulder, CO: Westview Press, 1997), 25.

¹⁷⁷ Germany had already helped Lithuania establish the necessary internal mechanisms for independent statehood and were happy to use Lithuanian independence for their own benefit, first at the Brest-Litovsk negotiations with Russia and later as a check against Polish expansion. *ibid.*, 24.

domination in much the same way as did Estonia and Latvia, with one significant exception. Lithuania was never colonized or Russified to the extent that Estonia and Latvia were.¹⁷⁸ The early years of the Lithuanian Soviet Socialist Republic (SSR) were marked by violent guerilla warfare as Lithuanian partisans fought in vain to throw off Soviet domination. The resistance did not end until 1953, and possibly had an effect on the failure of the Soviet leadership to Russify the region. Whatever the cause, the result was that Lithuania emerged from her years of Soviet domination in 1990 as the most ethnically homogenous of the three Baltic republics; the proportion of Lithuania's total population that is ethnic Lithuanian remained approximately 80 percent from 1939 to 1989. This ethnic homogeneity was important for Lithuania's resumption of independence in 1990, and led to a much smoother transition to independence than her sister Baltic republics experienced.

An important distinction between Lithuania and the other two Baltic republics is that Lithuania aspired, through the restoration of independence, to become the "Nation of Lithuania" rather than the "Lithuanian Nation."¹⁷⁹ The restoration of the Republic of Lithuania was proclaimed on 11 March 1990, and because the overwhelming majority of the population was ethnic Lithuanian and had little to fear from Lithuania's ethnic minority groups, no form of defensive nationalism developed in Lithuania and citizenship in the restored republic was based on territorial boundaries rather than ethnicity. The

¹⁷⁸ The Tsars never promoted industrialization in Lithuania to the same extent as other areas because of the region's propensity for violent rebellion. Two massive insurrections erupted in 1831 and 1863 that were brutally repressed by the Tsarist regime. The slow pace of modernization continued in the interwar years as agriculture made up a large proportion of Lithuania's economy. By 1939, only 8 percent of the population was involved in industry. Gerner, *The Baltic States*, 54 and Vardys, *Lithuania*, 16, 40.

¹⁷⁹ Graham Smith, Aadne Aasland, and Richard Mole, "Statehood, Ethnic Relations, and Citizenship," in *The Baltic States: The National Self Determination of Estonia, Latvia, and Lithuania*, ed. Graham Smith (New York: St. Martin's Press, 1994), 189.

decision on citizenship and statehood essentially boiled down to a focus on combining ethnic and linguistic principles with recognition of the importance of the historical boundaries of the old multicultural Lithuanian principality.¹⁸⁰

Despite the relative ease with which Lithuania proclaimed the restoration of her independence, and possibly as a result of her border with the Kaliningrad Oblast, the Soviet Union was reluctant to let her leave peacefully. The Soviet Union responded to Lithuania's 11 March 1990 declaration of independence by dispatching Red Army troops and tanks to Vilnius to take control of Lithuanian Communist Party buildings. When the threat of force failed to bring the rebellious province to heel, Soviet Premier Mikhail Gorbachev, on 13 April 1990, threatened an economic blockade unless Lithuania returned to Soviet control in two days.¹⁸¹ The Soviets lifted the blockade in June 1990 after Lithuania agreed to set a 100-day moratorium on any further discussions on independence. For the next year, Lithuania and the Soviet Union maneuvered back and forth around the issue of negotiations to discuss sovereignty and independence, but no negotiations ever took place. In Jan 1991, the Soviet Union broke the stalemate and sent additional paratroop regiments to Lithuania.¹⁸²

Over the next three days, these troops seized state industries and Lithuanian Communist Party assets as Gorbachev demanded the restoration of the validity of the Soviet and Lithuanian SSR constitutions. On 11 January 1991, the first blood was spilled when Soviet troops took over government buildings in Vilnius. Further bloodshed

¹⁸⁰ Gerner, *The Baltic States*, 55.

¹⁸¹ Vardys, *Lithuania*, 164-164.

¹⁸² ibid., 172-175.

occurred on 12-13 January as Soviet tanks stormed the television transmission tower in Vilnius, killing 15 and wounding 500.¹⁸³ Western condemnation of this action forced the withdrawal of Soviet troops from Lithuania. A February 1991 referendum on the creation of an independent democratic Lithuanian Republic revealed that of the nearly 85 percent of the population that voted, more than 90 percent favored the creation of such a republic.¹⁸⁴ Tensions between Lithuania and Russia flared into violence again during the August 1991 coup attempt in Moscow.¹⁸⁵ Russian Interior Ministry troops carried out intimidation and terrorist tactics during this period, and attempted to seize control of the Lithuanian government. Following Russian President Boris Yeltsin's successful repulse of the coup, the Lithuanian Saeima (parliament) and the Russian Federation Duma ratified a treaty in which Russia officially recognized Lithuanian independence.

2. Kaliningrad – Gateway or Black Hole?

Unlike the other two Baltic republics who share an eastern border with the Russian Federation, Lithuania borders Russia only to her west, in the form of the Kaliningrad Oblast.¹⁸⁶ Kaliningrad, all which remains of the former German province of East Prussia, is a true relic of the Cold War, having been given to the Soviet Union at the Potsdam Conference in 1945. During the Soviet period, Kaliningrad formed the westernmost bastion of Soviet power, housing the homeport of the Soviet Baltic Fleet and

¹⁸³ Interestingly, given her history of violent rebellion against Russia, Lithuania pursued a strategy of nonviolence in the face of Russian aggression. Undoubtedly, this gained her the respect of the international community and helped pave the way for good future relations with her ethnic Russian minority. *ibid.*, 176.

¹⁸⁴ *ibid.*, 183.

¹⁸⁵ The Soviet Union dissolved shortly after the events of January 1991. In the wake of this dissolution, the Russian Federation became the legal successor to the Soviet Union, to include the assumption of that state's debts, obligations, and rights. The Russian Federation essentially maintained good relations with the Baltic republics until August 1991. The violence that occurred in that month was the result of pro-Communist forces attempting to restore Communist power in Russia and the Soviet Union.

close to 200,000 Red Army soldiers. Following Baltic independence in 1991, Kaliningrad became an isolated exclave of the Russian Federation. The Russian leadership had hoped that through the creation of a special economic zone (SEZ) in Kaliningrad, the oblast would become a Russian Hong Kong and a gateway to the Baltic Sea. These hopes never materialized and today Kaliningrad faces significant economic difficulties. Specifically, Kaliningrad must contend with continued reliance on increasingly obsolete industries, a crumbling infrastructure, declining agricultural fortunes, and a lack of development of new industries.¹⁸⁷ In addition, Russia never fully committed to the idea of the SEZ or gave it a well-defined focus. As a result, the expected economic windfall never materialized, and Kaliningrad became a net importer of goods rather than a trading powerhouse. Thus, Kaliningrad presents a special dilemma for both Russia and Western Europe as integration efforts in the Baltic region continue to progress. Lithuania finds herself directly in the middle of this dilemma.

Kaliningrad presents a special problem for the future of Western integration efforts in the Baltic region because of its geographic position in relation to present and possible future members of both NATO and the EU. Surrounded by Lithuania to the north and east, and Poland to the south, Kaliningrad faces a possible future of being surrounded by the EU, or NATO, or both. Such a situation would change Kaliningrad's position from being an exclave outside Russia to a Russian exclave that is also an enclave

¹⁸⁶ Oblast is a Russian word meaning “region.”

¹⁸⁷ James Baxendale and Stephen Dewar, “Introduction,” in *The EU and Kaliningrad: Kaliningrad and the Impact of EU Enlargement*, ed., James Baxendale, Stephen Dewar, and David Gowan (London: Federal Trust for Education and Research, 2000), 13.

geographically within the EU or NATO.¹⁸⁸ At the same time, Kaliningrad presents a unique opportunity for Western Europe as a chance for Russia and the West to develop a good relationship through collaboration on a solution to Kaliningrad's problems.¹⁸⁹ Russia seems to be unclear herself on the future of the oblast. In effect, Kaliningrad represents the last vestige of the Russian Empire and its vision of the Baltic region as a "window to Europe." As Russia struggles with her future as either a great power or regional power, Kaliningrad represents the choice between Russia as a nation state or an imperial power.¹⁹⁰

Lithuania finds herself caught in the middle of this shifting oasis of dilemma and opportunity. Lithuania does have some historic claims to the Kaliningrad region – as do most of the oblast's neighbors, both near and far – but these claims have had little influence on her present involvement in Kaliningrad. Instead, Lithuania hopes to help Kaliningrad develop into a stable economic partner capable of contributing to the growing economic strength of the Baltic Sea region. To this end, Lithuania and Kaliningrad signed an agreement for economic, cultural, and social development on 29 July 1991, and entered into force in June 1992. In addition, a further agreement between the two concerning transit and energy resources' supply was signed on 29 July 1999. These agreements form the basis of all cooperation between Lithuania and Kaliningrad, and make Lithuania one of Kaliningrad's primary trading partners. To further coordinate cooperation between these two regions, the Lithuanian-Kaliningrad Cooperation Council

¹⁸⁸ *ibid.*, 14.

¹⁸⁹ Chris Donnelly, "Kaliningrad from a Security Perspective," in *The EU and Kaliningrad*, 216.

¹⁹⁰ Vejas G. Liulevicius, *Is Kaliningrad Really Lithuania Minor: The Baltic Crucible of National Identities* (Stanford, CA: Hoover Institution, Stanford University, 1995), 21.

was created in June 2000 to act in a supervisory status over all cooperative efforts.¹⁹¹ A stable and productive Kaliningrad will be to every European country's benefit as the EU and NATO expand to include more and more of the Baltic Sea region.

B. LITHUANIA'S PRIORITIES WITH REGARD TO NATO AND EU ACCESSION

Like her Estonian and Latvian neighbors to the north, Lithuania has long expressed a desire for integration with both the EU and NATO. In 1998, then Foreign Minister Algirdas Saudargas professed Lithuania's understanding that the modern concept of security encompasses more than traditional defense considerations, and that security considerations in the 21st century are more dependent on the promotion of economic growth, the creation of stable democratic institutions, and the furtherance of transatlantic integration. He further stated the events of the 20th century have proven that the two mutually supportive processes of political and economic integration and the strength of NATO have been instrumental in safeguarding European security and stability.¹⁹² By observing international principles, intensifying her preparations for EU accession, and developing and implementing her NATO program, Lithuania would be ready in the future to assume her rightful role in promoting European cooperation, security, and stability.¹⁹³ This idea is just as relevant to Lithuania's foreign policy goals today as it was in 1998.

¹⁹¹ Ministry of Foreign Affairs of the Republic of Lithuania, "Lithuania's Cooperation with the Kaliningrad Region of the Russian Federation." Available [online]:

http://www.urm.lt/data/5/ef159562_kalin.htm.

¹⁹² Algirdas Saudargas, Minister of Foreign Affairs of the Republic of Lithuania, "The Baltic Sea Region in the Emerging European Security Structure," presentation at the Conference on 21st Century Challenges for the Baltic Sea Region and European Security, 6-8 March 1998, Warsaw, Poland. Available [online]: <http://www.nato.int/pfp/lt/speeches/1998-03-06.html>.

¹⁹³ Saudargas, "The Baltic Sea Region in the Emerging European Security Structure."

In a November 2000 resolution on the Lithuanian government's program for 2000 – 2004, the Seimas articulated foreign policy goals with respect to the EU and NATO that were broadly in line with Foreign Minister Saudargas's 1998 statement. The November 2000 resolution considered EU and NATO membership as being of equal value. The Seimas further stated the government would spare no effort to prepare Lithuania for EU accession by 2004, and that the government would make "much effort" to prepare Lithuania for NATO membership by 2002.¹⁹⁴ This resolution further defined Lithuania's goals, and laid the groundwork for the codification of Lithuania's foreign policy.

Based on these assertions, Lithuania's current Foreign Minister Antanas Valionis, has argued that Lithuania underwent a period of restoration in her foreign policy in conjunction with the restoration of her independence. By 2001, however, the period of restoration had ended and Lithuania was entering a new, crucial stage in her foreign policy, the primary goals of which are integration into the EU and NATO. Lithuania defines these foreign policy goals as follows:

- Speedy accession to the European Union through political and diplomatic means,
- NATO accession through political and diplomatic means,
- Maintenance and development of good neighborly relations,
- Intensifying Lithuania's economic diplomacy, and
- Contributing to international community efforts in ensuring democracy, human rights, peace, and stability.¹⁹⁵

These are essentially the same goals outlined by Estonia and Latvia in earlier chapters, but what do they mean for Lithuania? Simply put, Lithuania deems EU and NATO

¹⁹⁴ Seimas of the Republic of Lithuania, "Resolution on the Program of the Government of the Republic of Lithuania for 2000 – 2004," 9 November 2000, Vilnius. Available [online]: http://www.lvrk.lt/anglu/a-programa/pakso2000_2004.html.

¹⁹⁵ Ministry of Foreign Affairs of the Republic of Lithuania, "Lithuania's Foreign Policy." Available [online]: http://www.urm.lt/data/2/index_e.php.

accession as being of equally vital importance. At the same time, as will be seen, greater effort seems to be focused on accession to the EU.

C. INTEGRATION WITH THE EUROPEAN UNION

Like her neighboring Baltic republics, Lithuania views membership in the European Union as a top priority of her foreign policy. In a February 2000 statement to the Conference on Accession to the European Union, in Brussels, then Foreign Minister Algirdas Saudargas called EU membership a precondition for modernization of Lithuania's economy and society, as well as for full-fledged participation in the international community.¹⁹⁶ A January 2001 statement by the Seimas seconded this sentiment, and expressed the hope that Lithuania's integration with the EU would create preconditions for ensuring political, economic, and social stability and improve the quality of life of the Lithuanian people.¹⁹⁷ Thus, membership in the EU will be the best way to ensure the future stability of the common values of democracy and the rule of law that Lithuania shares with the rest of Europe.

1. Political Criteria

Lithuania's political system has been arguably the most stable and democratic of the three Baltic republics since the restoration of independence in 1990. The 1997 European Commission Opinion on Lithuania's membership application fairly gushed over the well-oiled Lithuanian political system. The opinion describes Lithuania's system as functioning properly and in conditions of stability, and favorably noted that the regular

¹⁹⁶ Algirdas Saudargas, Minister of Foreign Affairs of the Republic of Lithuania, opening statement at the Conference on Accession to the European Union, 15 February 2000, Brussels. Available [online]: http://www.urm.lt/data/3/ef219114712_openingstatementnegotiations.doc.

¹⁹⁷ Seimas of the Republic of Lithuania, "Statement of the Parliamentary groups of the Seimas of the Republic of Lithuania," 18 January 2001. Available [online]: http://www.urm.lt/data/3/ef219114725_seimofrakcijupareiskimasangl.doc.

elections held in 1992 and 1996 were both free and fair, and in each case permitted an alternation of power under the proper conditions. The Commission further reported Lithuania had no major problems regarding respect for fundamental rights, and noted that while Lithuania had not yet abolished the death penalty, the President had placed a moratorium on such judgments in 1996. The only criticism leveled at Lithuania's political system by the 1997 Opinion was the need for continued efforts to improve the operation of the judicial system and the fight against corruption.¹⁹⁸ As with Estonia and Latvia, Lithuania faces difficulties in the judicial system due to insufficient numbers of lawyers and judges, slow prosecution of cases, and rendering of judgments.

The European Commission's 1998 Regular Report continued to heap praise on Lithuania for her well functioning political system and policies enacted to address problem areas. The 1998 Report favorably noted that the Presidency changed hands in 1998 in a free and fair election and in accordance with the law. The Commission also noted Lithuania had made substantial progress toward reform of the judicial system with increased numbers of both judges and lawyers and the establishment of a specialty training department within the Ministry of Justice to address the issue of inadequate judicial training.¹⁹⁹ In addition, Lithuania made significant progress in the fight against corruption with the adoption of a body of legislation in 1997 and 1998 aimed at ridding the public sector of corruption. For example, the Law on the Compatibility of Public and

¹⁹⁸ European Union, "Agenda 2000 – Commission Opinion on Lithuania's Application for Membership of the European Union," 19. Available [online]:

<http://www.europa.eu.int/comm/enlargement/dwn/agenda2000/opinions/lithuania/li-op-en.zip>.

¹⁹⁹ European Union, "1998 Regular Report from the Commission on Lithuania's Progress towards Accession," 8. Available [online]:

http://www.europa.eu.int/comm/enlargement/dwn/report_11_98/en/lithuania_en.doc.

Private Interests in the Public Service, the Law on Financing Political Campaigns, and a government decree on measures against economic, financial and organized crime all entered into force between July 1997 and April 1998.²⁰⁰ The report recommended continued efforts in this area. The Commission did express continued concern over the inability, in some cases, of the Lithuanian judicial system to meet the basic rights laid out in the constitution, such as the right to counsel, free legal aid, and a speedy trial, but did note that some positive progress had been achieved in these areas.²⁰¹ No problems were noted with respect to minority rights. The Commission concluded by saying that, as of 1998, Lithuania fulfilled the Copenhagen political criteria.²⁰²

Lithuania continued to make progress toward solving these problem areas in 1999. The 1999 Regular Report noted a further increase in the number of judges, and the implementation of several reforms aimed at making the judiciary more efficient, to include greater specialization of judges in county and district courts, the revision of the Code of Civil Procedure to shorten procedures, the establishment of a Judicial Court of Honor to address judicial accountability, and the requirement for all future applicants to the judiciary to be qualified in the field of EU law. In terms of the fight against

²⁰⁰ ibid., 9.

²⁰¹ ibid., 10.

²⁰² In June 1993, the Copenhagen European Council recognised the right of the countries of central and eastern Europe to join the European Union when they have fulfilled three criteria:

political: stable institutions guaranteeing democracy, the rule of law, human rights and respect for minorities;

economic: a functioning market economy;

incorporation of the Community *acquis*: adherence to the various political, economic and monetary aims of the European Union.

These accession criteria were confirmed in December 1995 by the Madrid European Council, which also stressed the importance of adapting the applicant countries' administrative structures to create the conditions for a gradual, harmonious integration. However, the Union reserves the right to decide when it

corruption, Lithuania adopted a long-term Program of Prevention of Organized Crime and Corruption and enacted the High Commission of Ethics in Office, the recommendations of which were instrumental in the November 1998 dismissal of a government minister.²⁰³ In the area of the protection of human rights, the Commission noted Lithuania's abolition of the death penalty in December 1998 and the subsequent ratification of the European Convention Protocol on the death penalty, the only protocol to the European Convention for the Protection of Human Rights and Fundamental Freedoms that Lithuania had not yet ratified.²⁰⁴ In addition, Lithuania passed the Law on Equal Opportunities of Men and Women and ratified the United Nations Convention on the Elimination of All Forms of Racial Discrimination, which added to her already strong record in the area of human rights. As a result of these efforts, the Commission remarked that Lithuania continued to fulfill the Copenhagen political criteria, and recommended continued efforts to complete necessary reforms of the judiciary and in the fight against corruption.

The 2000 Regular Report continued to heap praise on Lithuania for her fulfillment of the political criteria. The Commission noted that despite strong efforts by Lithuania in 2000, little reform was accomplished primarily due to budgetary constraints. Despite these constraints, Lithuania did adopt new Civil and Criminal Codes and enacted an intensive training program for judges in EU law and acquis enforcement. The

will be ready to accept new members

²⁰³ European Union, "1999 Regular Report from the Commission on Lithuania's Progress towards Accession," 12. Available [online]:

http://www.europa.eu.int/comm/enlargement/dwn/report_10_99/en/word/lithuania.doc.

²⁰⁴ *ibid.*, 13.

Commission noted the need to speed up judicial reforms, especially with regard to the improvement of judicial qualifications in EU law and in streamlining court proceedings.²⁰⁵ Lithuania took a number of important steps with respect to the fight against corruption, including the adoption of the Law on the Special Investigative Service (May 2000), the adoption of rules concerning the public declaration of private interests of civil servants (April 2000), and the adoption of the Law on Lobbying Activities (June 2000). Despite these efforts, the Commission noted the need for Lithuania to adopt a National Anti-Corruption Strategy to oversee all efforts in this area.²⁰⁶ Lithuania also continued her strong record in terms of human and minority rights in 2000 with the ratification of the Council of Europe Convention on the Protection of National Minorities, the establishment of a Commission on Equal Opportunities aimed at coordinating the implementation of equal rights legislation, the adoption of legislation regarding the protection of children's rights. In addition, Lithuania adopted a program aimed at the social and cultural integration of national minorities, and specifically, in June 2000, adopted a National Program for the Integration of the Roma Minority.²⁰⁷ Overall, the Commission noted Lithuania continued to fulfill the political criteria, with specific emphasis required on the noted problem areas to further improve this area.

2. Economic Criteria

During her years of Soviet domination, Lithuania overcame the lack of industrialization present at the end of the interwar years. During the Soviet era, Lithuania

²⁰⁵ European Union, "2000 Regular Report from the Commission on Lithuania's Progress towards Accession," 17. Available [online]:

http://www.europa.eu.int/comm/enlargement/dwn/report_11_00/pdf/en/lt_en.pdf.

²⁰⁶ ibid., 18.

²⁰⁷ ibid., 20-21.

established a well-developed energy sector that was able to supply all of the Baltic Region of the USSR. Agriculture and food production also retained their traditional importance during this period. Despite these relative strengths, Lithuania's economy suffered from the same deficiencies of the centralized Soviet planned economy that all of the former Soviet republics suffered. The result was that Lithuania had to develop the framework and institutions of a functioning market economy in order to survive in the post-Soviet world.

The 1997 Commission Opinion noted that Lithuania's transition to a market economy had made considerable progress since 1991. Specifically, the Commission noted Lithuania's progress in liberalizing and stabilizing the economy, to include the implementation of, or plans for price liberalization, voucher and cash privatization, the opening of trade, legal reform, institutional development, and the enhancement of the social safety net. At the same time, the Commission noted the need for better tax collection, better enforcement of legislation regarding competition, and the strengthening of the banking system.²⁰⁸ In terms of the ability to cope with the internal pressures of the EU, the Commission concluded Lithuania would be ill equipped to compete in the EU in the medium term, and primarily recommended the need for restructuring and privatization of the industrial enterprise and agricultural sectors.²⁰⁹

The 1998 Regular Report noted some progress by Lithuania in the areas addressed in the 1997 Opinion, and recommended areas for increased reform efforts. The Commission noted substantial progress in enterprise privatization, especially in the

²⁰⁸ European Union, "Agenda 2000," 30.

²⁰⁹ ibid., 34.

shipping, telecommunications, dairy, and sugar industries, and sales of state-owned companies accelerated in 1998. In fact, the private sector produced nearly 70 percent of the state's GDP in 1998.²¹⁰ In addition, land restitution progressed satisfactorily, with the return to private ownership of 55 percent of all land restitution claims. Reforms in the banking sector allowed it to increasingly fulfill its role, although the overall development of the banking system remained low.²¹¹ Lithuanian exports to the EU constituted 33 percent of total exports, while imports from the EU accounted for 46.5 percent of the total imports. Lithuania's primary exports were low value goods that required large amounts of labor and natural resources, while the main imports from the EU in 1998 were machinery and vehicles.²¹² Finally, the Commission noted Lithuania needed to become more efficient in her use of energy resources, and should restructure the energy sector in general, to include the development of a functioning regulatory and financing framework. Overall, the Commission noted that sustained implementation of a reform agenda would complete the establishment of a market economy and enable Lithuania to successfully compete in the EU marketplace. Consequently, the Commission recommended the completion of the reform agenda for the regulatory framework and the implementation and enforcement of existing legislation.²¹³

As with Estonia and Latvia, the 1999 Regular Report noted some difficulties related to the 1998 Russian financial crisis, but noted the general ability of the Lithuanian

²¹⁰ European Union, "1998 Regular Report," 17, 18

²¹¹ *ibid.*

²¹² This pattern of imports indicated Lithuania was importing the capital goods necessary to upgrade her production capability. *ibid.*, 19.

²¹³ *ibid.*, 20,

economy to cope with the stress. Privatization continued to progress, although too slowly in key sectors such as banking, oil refinery, and energy, and privately owned companies continued to account for approximately 70 percent of Lithuania's GDP. Additionally, land restitution continued to proceed slowly, but steadily. The economy's legal framework improved due to amendments to the Company law that improved market entry and exit procedures, the enactment of the Law on Competition, and sustained enforcement of the Bankruptcy Law. Finally, the banking sector survived the Russian financial crisis, but faced continued threats due to the possibility that creditors could still default on loans.²¹⁴ The Commission noted the need for further improvement in the legislative framework and the need for greater privatization of large enterprises and banks. In terms of trade, the 1999 Report noted increased levels of both imports from and exports to the EU, with a corresponding decline in trade with the CIS. Trade with the EU accounted for 50 percent of Lithuania's exports and nearly the same percent of her imports in 1999. The Commission recommended Lithuania continue to improve the quality and type of her goods for export to the EU, in order to continue this positive trend in trade.²¹⁵

Lithuania showed strong progress in 2000 after the comparatively slow progress of 1999. Privatization neared completion in 2000 with the most significant progress being in the sale of 81 percent of the state's oil exploring and production company. Land restitution also continued at a good pace in 2000 with 78 percent of the restitution claims completed. The banking sector weathered the Russian financial crisis and managed to

²¹⁴ European Union, "1999 Regular Report," 22.

²¹⁵ *ibid.*, 24.

start channeling savings toward the private sector to a much greater degree.²¹⁶ Lithuania made substantial progress in enterprise restructuring with the most important progress being the preparation of two energy companies, Lithuanian Energy and the Gas Company, for privatization by the end of 2001. These efforts represent a significant achievement in enterprise restructuring. In addition, Lithuania continued to integrate her trade with the EU with percentages of imports and exports to the EU rising above 50 percent of total imports and exports. Finally, the Commission noted the general transition of Lithuania's economy away from state protection to market policies.²¹⁷ Overall, the Commission remarked that Lithuania had developed a functioning market economy that would be able to cope with competitive pressures in the EU in the medium term, provided the structural reform and legislative reform programs continued.

3. Ability to Assume the Obligations of Membership

In his opening statement at the February 2000 Conference on Accession to the European Union, then Foreign Minister Saudargas highlighted several areas of the *acquis* that were of special importance to Lithuania. These areas were the energy sector, agriculture and fisheries, regional policies, the environment, and transportation.²¹⁸ Since they were designated as being of special importance, these areas will form the basis of this discussion of Lithuania's ability to assume the obligations of membership. This does not mean, by any stretch of the imagination, that all other areas of the *acquis* have been

²¹⁶ European Union, "2000 Regular Report," 27-28.

²¹⁷ *ibid.*, 30.

²¹⁸ Saudargas, Opening Statement at the Conference on Accession to the European Union, 15 February 2000.

successfully implemented, only that Lithuania holds these areas to be the most troublesome.

a) Agriculture and Fisheries

In 1997, the European Commission noted that unresolved issues of land restitution claims and establishment of ownership patterns blocked the development of a functioning land market, which resulted in a corresponding lack of investment in farms, a necessity for modernizing agriculture.²¹⁹ In addition, the Commission noted a fundamental lack of policies necessary to the successful implementation of the Common Agricultural Policy (CAP). Consequently, the Commission recommended completion of agricultural land restitution and strengthening administrative structures related to the implementation of the CAP. In terms of fisheries, the Commission concluded the primary issues Lithuania needed to address were modernization of the fisheries sector and the establishment of a fisheries administration to manage fishing stocks, processing, and trade and capable of managing the necessary restructuring and modernization.²²⁰

The 1998 Regular Report from the Commission noted some progress in the agricultural sector in 1998. Specifically, the Commission noted limited progress toward aligning agricultural policies with the CAP, primarily through the introduction of a price regulation system along the lines of the CAP. At the same time, the Commission noted limited progress in land restitution and the need for further restructuring to create a functioning land market and a viable farming sector. Overall, however, the Commission noted the need for further efforts to restructure the agricultural sector, develop

²¹⁹ European Union, "Agenda 2000," 69.

²²⁰ ibid., 72.

environmental and rural development policies, and align the sector for implementation of the CAP.²²¹ The Commission noted no progress toward reform of the fisheries sector in 1998.

The 1999 Regular Report noted further progress in the agricultural sector, particularly along the lines of aligning policies for the implementation of the CAP. In the fisheries sector, Lithuania took efforts to make the sector more efficient and introduce greater decision-making capacity by dividing responsibility for the sector between the Ministries of Agriculture (fisheries policy, administration, and integration) and Environment (fishing control, evaluation of damage to resources, and application of compensatory measures). Significant efforts were still required to reform the fishing sector since most of the recommended reforms from previous years had yet to be addressed.²²²

Finally, the 2000 Regular Report noted satisfactory progress in the agricultural sector, and noted the establishment of the basis of the legal and administrative framework for the CAP. The Commission noted the need for further reforms to strengthen this framework, particularly in terms of developing systems, procedures, control and audit mechanisms, as well as adequate training for administrative personnel.²²³ In the fisheries sector, Lithuania made some progress in 2000, primarily in the area of resource management, inspection, and control with the adoption of the Law on

²²¹ European Union, “1998 Regular Report,” 27, 28.

²²² European Union, “1999 regular Report,” 39.

²²³ European Union, “2000 Regular Report,” 52.

Fisheries in June 2000.²²⁴ The Commission recommended greater efforts in terms of the alignment of legislation and strengthening the Fisheries Department of the Ministry of Agriculture, a necessity for the implementation of the Common Fisheries Policy, and strengthening of conservation efforts by the Ministry of Environment.²²⁵

b) Energy Sector

In terms of the energy sector, the 1997 Commission Opinion noted no major problems with respect to fulfilling the requirements of the *acquis* in the future. At the same time, the Commission recommended Lithuania address issues of monopolies in the sector, access to networks, prices, emergency preparedness, to include the buildup of emergency stocks, energy efficiency, and environmental norms. In addition, the Opinion noted the need for a long-term policy to address the aging nuclear power plant at Ignalina, a Chernobyl-style nuclear reactor nearing the end of its life cycle.²²⁶

The 1998 Regular Report noted some progress in the energy sector in 1998, but commented on the need for greater efforts to bring this sector in line with the *acquis*. In particular, the Commission noted the absence of a satisfactory energy strategy and the need for long-term waste management strategies. In addition, the issues highlighted in the 1997 Opinion remained largely unaddressed.²²⁷

In contrast, the 1999 Regular Report reported significant progress in the energy sector in 1999. This progress manifested itself primarily through the adoption of a national energy strategy in October 1999. Of particular importance was the development

²²⁴ *ibid.*, 53.

²²⁵ *ibid.*, 54.

²²⁶ European Union, "Agenda 2000," 75.

of a timeline in the energy strategy for the shutdown of the Ignalina nuclear plant by 2009²²⁸. The Commission praised this accomplishment despite noting the issues highlighted in the 1997 Opinion still remained largely unaddressed.

Lithuania built on this success in 2000, and belatedly began to address the issues highlighted in the 1997 Opinion. For example, the adoption of the Electricity and Gas Laws began the process of increasing competition and access to networks in those areas, which was aided by increased privatization of electricity, gas, and oil utilities. The Commission noted the need for continued efforts in these areas to increase the administrative capacity of the sector.²²⁹

c) Transportation

The 1997 European Commission Opinion remarked that Lithuania faced little difficulty in meeting the requirements of the acquis in the transportation sector. The Commission recommended particular attention to safety improvements, especially in the maritime sector, and harmonization of environmental standards in transportation, such as air pollution, noise, etc. In addition, the Commission recommended Lithuania begin laying the foundation for the future extension of the trans-European transportation network, primarily in terms of administrative and supervisory bodies.²³⁰ This network is of particular importance to a country with significant transit issues like Lithuania.

²²⁷ European Union, “1998 Regular Report,” 30.

²²⁸ European Union, “1999 Regular Report,” 42.

²²⁹ European Union, “2000 Regular Report,” 66-67.

²³⁰ European Union, “Agenda 2000,” 77.

Lithuania made some limited progress in the reform of the transportation sector in 1998. In particular, with respect to safety, Lithuania established the State Inspectorate of Inland Waterways Navigation at the end of 1997, and reorganized the Civil Aviation Administration in 1998. Lithuania addressed a portion of the issue of environmental protection through the adoption of the European Convention on the Transport of Dangerous Goods by Road in June 1998.²³¹ Overall, the Commission noted this progress and recommended further efforts toward the improvement of aviation and maritime safety.

Lithuania focused heavily on improving legislation relating to safety in 1999. In the maritime sector, Lithuania adopted a large number of ministerial orders related to certificates, ship inspection, training, and reduced seaport charges for double hulled tankers. This legislation was desperately needed since safety of Lithuanian flagged vessels had declined during each of the preceding three years. In the aviation sector, Lithuania concentrated on negotiations for a multilateral European Common Aviation Agreement that covered, in particular, implementation of the acquis with respect to aviation safety. In addition, Lithuania succeeded in bringing road transport legislation partially in line with the acquis in areas such as international freight and passenger transport, drivers' licenses, and transportation of dangerous goods. At the same time, efforts toward fiscal harmonization of this area, in terms of vehicle taxation and road user charges were not implemented. Overall, the Commission recommended greater efforts,

²³¹ European Union, "1998 Regular Report," 30.

especially in terms of financial and human resources, for reform of the maritime and aviation sectors and fiscal harmonization of the road transport sector.²³²

Lithuania achieved mixed success in the transportation sector in 2000. Limited progress occurred in the road transport area in terms of driver training and the adoption of legislation regarding the movement of hazardous goods, but fiscal harmonization was not addressed. Lithuania adopted a new Law on Civil Aviation in July 2000 provided for the establishment of a Civil Aviation Administration and a Civil Aviation Inspectorate. In the maritime area, Lithuania adopted the Law on Maritime Safety in August 2000.²³³ For the future, the Commission recommended greater efforts in the road transport area to strengthen the administrative capacity of existing institutions and to address technical, safety, and fiscal concerns. The Commission further recommended strengthening administrative structures in the maritime area to bring this area more in line with the *acquis*.²³⁴

d) Regional Policies

Lithuania is far less urban than either Estonia or Latvia, and is largely rural in nature. In 1997 the Commission noted several problems with respect to regional development, including:

- Low quality of the infrastructure,
- Pockets of industrial decline and/or urban crisis,
- Problems with conversion of defense activities, and
- A general decrease in incomes in rural areas.

²³² European Union, "1999 Regular Report," 43-44.

²³³ European Union, "2000 Regular Report," 56

²³⁴ *ibid.*, 57.

The Commission further noted Lithuania had no regional development policy, nor did regional policy instruments exist as of 1997. Consequently, the Commission recommended the development, at the very least, of a general framework for an integrated regional development strategy, and the improvement of the administrative capacity necessary to manage such a program.²³⁵

Lithuania approved regional policy guidelines in July 1998 that defined basic institutional structures and financial instruments for regional policy. However, the government did not implement the guidelines. Overall, the Commission commented that Lithuania's regional policy was still very much in a conceptual stage and that little progress occurred in this area.²³⁶

Lithuania made greater progress in the area of regional policy in 1999. In particular, the government adopted a resolution on the implementation of Lithuania's regional policy in May 1999. This resolution established guidelines for the implementation of the regional policy, to include a list of priorities for coming years, and assigned responsibility for coordination of regional policy to the Ministry of Public Administration Reforms and Local Authorities. In addition, also in May 1999, the government approved the establishment of the National Agency for Regional Development, scheduled to begin work in 2000, with the responsibility for preparing the National Development Plan, regional programs, and related planning activities. The Commission recommended further efforts aimed at improving the decision-making

²³⁵ European Union, "Agenda 2000," 81-82.

²³⁶ European Union, "1998 Regular Report," 32.

progress, inter-ministerial coordination procedures at the national and between the national and regional levels, and budgetary and financial control procedures.²³⁷

Lithuania made some progress in 2000 in the area of regional policy, primarily in the legislative framework and development of the National Development Program. For example, Lithuania adopted a law on regional development in July 2000 that established the legal basis for the formation of regional development policy and the use of EU structural funds. The Ministry of the Interior assumed responsibility for the development of regional policy after the government abolished the Ministry of Public Administration Reform in November 1999. The National Agency for Regional Development became operational the same month. Despite this streamlining of the administrative structure, the Commission noted the need to improve the actual National and Regional Development Plans to make them more comprehensive.²³⁸ In addition, the Commission recommended the establishment of regional and national level partnerships as a means to improving planning and project design.²³⁹

e) Environment

Lithuania's environmental situation was much better in 1997 than that of either Estonia or Latvia, largely due to a significant decline in industrial and agricultural production following the restoration of independence. Lithuania adopted a National Environment Strategy in 1996, and by 1997 made significant progress in the adoption of legislation aimed at stricter standards with respect to water and air quality, in particular, and the cleanup of contaminated areas, in general. The Commission recommended a

²³⁷ European Union, "1999 Regular Report," 46.

²³⁸ European Union, "2000 Regular Report," 75-76.

significant increase in environmental investment and a major effort to reinforce administrative capacity to ensure long-term compliance with legislation.²⁴⁰

Lithuania achieved a great deal of progress in 1998 in the environmental sector. The majority of Lithuanian efforts in 1998 were directed toward the adoption of legislation designed to bring Lithuania more in line with the *acquis*. In addition, efforts began toward the reorganization of enforcement structures to streamline administration, increase training, and improve equipment. Based on these accomplishments, the Commission recommended Lithuania concentrate on reinforcing the overall monitoring infrastructure and securing necessary investment to continue reforms.²⁴¹

The 1999 Regular Report focused primarily on Lithuania's need to begin to implement the environmental programs she had already developed. For example, in October 1998, Lithuania adopted the Strategy for Approximation in the Environment Sector, a program that set priorities for each environmental sector, established key implementation measures and target dates for each sector, developed cost estimations, and provided reinforcement for the environmental institutional infrastructure.²⁴² In many ways, this was a comprehensive strategy aimed at bringing Lithuania's environmental policies fully in line with the *acquis*. At the same time, however, the Commission correctly noted that strategies and policies are useless without proper implementation. The Commission also noted that despite Lithuania's substantial efforts in the

²³⁹ *ibid.*, 77.

²⁴⁰ European Union, "Agenda 2000," 83-84.

²⁴¹ European Union, "1998 Regular Report," 32-33.

²⁴² European Union, "1999 Regular Report," 46-47.

environmental sector, significant effort remained to establish a structure fully capable of implementing and enforcing the *acquis*. The Commission recommended Lithuania focus in the future primarily on these efforts.²⁴³

The 2000 Regular Report determined Lithuania was continuing to make progress in both implementation of the *acquis*, and in establishing an infrastructure capable of enforcing it. Significant efforts were still required in nearly every area of the sector, but the Commission noted Lithuania had developed an administrative structure capable of overseeing the implementation of the *acquis*. Specific attention was called to the large number of redundant institutions focused on the environment. The report recommended getting rid of duplicate organizations to streamline the infrastructure. Overall, by 2000 the Commission noted Lithuania was in a good position to successfully implement the environmental portion of the *acquis* in the medium term.

D. INTEGRATION WITH NATO

Lithuania views NATO as a vital component of the European security structure, and the guarantor of the hard security guarantees Europe requires. Lithuania is a firm believer in the concept of the indivisibility of European security, and has contributed to the maintenance of that security since the restoration of her independence.²⁴⁴ Lithuania's pursuit of membership in NATO is based on this idea of indivisible security, and recognizes the need for good neighborly relations between countries, building armed forces to be ready in the event of threats, to defend Lithuania's statehood and the growing

²⁴³ *ibid.*, 48.

²⁴⁴ Valdas Adamkus, President of the Republic of Lithuania, "New Challenges to the European Security and NATO," Address at the 15th NATO Workshop, 20 June 1998, Vienna. Available [online]: <http://www.nato.int/pfp/lt/speeches/1998-06-20.html>.

community of shared values.²⁴⁵ Indeed, in a 1999 speech, then Chairman of the Seimas Vytautas Landsbergis called NATO accession, “The second stage of liberation.”²⁴⁶

1. Political and Economic Issues

Like Estonia and Latvia, Lithuania is a democratic country founded on respect for the rule of law, human rights, and democratic pluralism. The following topics mirror those discussed in the previous two chapters.

a) *Respect for Democracy and the Rule of Law*

Lithuania is a multi-party, parliamentary democracy, based on the respect for human rights, private property, civil society, and the rule of law. These core principles of her government are enshrined in the state Constitution, which was adopted by popular referendum on 25 October 1992. The Constitution guarantees human rights and fundamental freedoms for all individuals residing within Lithuanian territory.²⁴⁷ Article 2 of the Constitution states that sovereignty shall be vested in the Lithuanian people. Article 5 states that the scope of governmental powers shall be defined by the Constitution.²⁴⁸ Security and national defense legislation, to include the state Constitution, provides the basis for democratic control of Lithuania’s armed forces. The Constitution vests the authority as the Supreme Commander of the Lithuanian Armed

²⁴⁵ Vygaudas Uackas, Political Director of the Ministry of Foreign Affairs of the Republic of Lithuania, “The Baltic Region and the New European Security Structure,” 19 November 1996, Stockholm, Sweden. Available [online]: <http://www.usis.usemb.se/balticsec/usackas.htm>.

²⁴⁶ Vytautas Landsbergis, “NATO and Lithuania,” Speech at the International Conference “NATO After 50 Years: The New Old Alliance,” 31 May 1999, Vilnius. Available [online]: <http://www.nato.int/pfp/lt/speeches/1999-05-31lansb.html>.

²⁴⁷ NATO Integration Commission of the Republic of Lithuania, “Background Information on the Lithuanian NATO Integration Program, 1999-2000.” Available [online]: <http://www.nato.int/pfp/lt/current/anp2000.html>.

²⁴⁸ Republic of Lithuania, “Constitution of the Republic of Lithuania.” Available [online]: <http://www.lrkt.lt/konst/eng/text.htm>.

Forces in the President of the Republic. The State Defense Council, of which the President is the chairman and the Prime Minister is a member, coordinates issues of national defense. The Constitution grants to the Seimas the authority to impose martial law, announce mobilization and demobilization, approve all defense expenditures, and to make decisions regarding the use of the armed forces in defense of the homeland or for the fulfillment of the international obligations of Lithuania.²⁴⁹

b) *Respect for Peaceful International Relations*

Ironically, given her history of violent opposition to foreign influence, Lithuania is a strong believer in maintaining peaceful relations with her neighboring states, as well as with states that are further from her borders. As a region of transit between EU and non-EU countries, and for Russia and the Kaliningrad Oblast, friendly relations are a necessity. In addition, Lithuania believes that regional and sub-regional security and stability, while certainly no substitute for transatlantic security and stability, are important components of maintaining a peaceful and prosperous Europe. Based on this belief, Lithuania actively promotes cooperative efforts with the other Baltic republics, Russia, Kaliningrad, Belarus, and maintains bilateral military relations with approximately 20 other countries, including Poland, the United States, Germany, and the United Kingdom.

Lithuania views participation in peacekeeping operations as her direct contribution to building stability and security in the Euro-Atlantic area. Lithuania has participated in all of the major NATO peacekeeping operations in the last decade, to include UNPROFOR, IFOR, and SFOR in Bosnia and Herzegovina and KFOR in

²⁴⁹ ibid.

Kosovo. In addition, Lithuania strongly supported the NATO air campaign in Kosovo in 1999 as a means to reestablish peace and stability in the region. Furthermore, besides these more traditional peacekeeping missions, Lithuania has also provided civilian police forces to the UNTAES mission in Eastern Slavonia, the UNMIBH mission in Bosnia and Herzegovina, and the UNMIK mission in Kosovo.²⁵⁰

Further proof of Lithuania's commitment to peaceful international operations has been her relations with the Russian Federation. Lithuania bases her relations with Russia, in part, on the Lithuanian-Russian Treaty on the Foundations of Interstate Relations signed on 29 July 1991. In addition, Lithuania has emphasized the importance of adhering to the principles enshrined in the instruments of the OSCE, to include the right of every state to choose or change security arrangements as they see fit for the best interests of the state. Lithuania concluded peaceful negotiations on the delimitation of her border with Russia in October 1997 with the signing of a treaty defining state borders and a treaty establishing an exclusive economic zone in the Baltic Sea.²⁵¹ Lithuania's continued good relations with the Kaliningrad Oblast are further testament to her belief in the importance of peaceful international relations.

c) Respect for the North Atlantic Alliance

Lithuania is a firm believer in NATO's mission, and supports the Alliance's efforts in recent years to broaden its role and missions. Lithuania fully supports NATO's approach to security in the 21st century, and seeks to contribute in

²⁵⁰ Ministry of Foreign Affairs of the Republic of Lithuania, "Lithuania in International Peace Operations." Available [online]: http://www.urm.lt/data/4/ef127133225_operations.htm.

²⁵¹ Ministry of Foreign Affairs of the Republic of Lithuania, "Fact Sheet: Relations between the Republic of Lithuania and the Russian Federation." Available [online]: <http://www.nato.int/pfp/lt/facts/fs11.html>.

practical ways to the Alliance's efforts to preserve and reinforce Euro-Atlantic security.²⁵² Furthermore, Lithuania believes that with the Cold War over, NATO can afford to turn its focus toward issues of transnational insecurity, ethnic and religious conflict, and "soft" security issues. In support of these beliefs, Lithuania has focused on developing her military capabilities to be able to act in conjunction with NATO or as a part of an Alliance coalition.²⁵³ Lithuania has demonstrated her overall commitment to the Alliance's policies and goals through her participation in NATO-led peacekeeping operations, and in all of NATO's partnership programs, to include, the Partnership for Peace (PfP), Euro-Atlantic Partnership Council (EAPC), Planning and Review Process (PARP), Personal Staff Element (PSE) program, the Operational Capabilities Concept (OCC), and the PfP Training and Education Enhancement Program (TEEP).

2. Defense/Military Issues

Lithuania strongly believes in the idea of collective defense and the need for every European country to contribute to transatlantic security and stability. Lithuania does her part toward these goals through the maintenance of peaceful international relations, by building reliable and compatible defense forces capable of defending Lithuania, ensuring her own national security, and by contributing to crisis management in Europe through participation in peacekeeping and crisis prevention missions.²⁵⁴ In support of these goals, Lithuania is has been an active participant in nearly all of

²⁵² Ministry of Foreign Affairs of the Republic of Lithuania, "Fact Sheet – April 2001." Available [online]: http://www.urm.lt/data/4/ef3209345_natofsh.htm.

²⁵³ ibid.

²⁵⁴ Adamkus, "New Challenges to the European Security and NATO."

NATO's, and has participated in all of the Alliances major peacekeeping operations in the 1990s.

In addition to these international efforts, Lithuania has undertaken significant levels of reform at home. Starting in 1999, Lithuania began an extensive process of planning, review, and reorganization of her armed forces. At the administrative level, Lithuania began work on her National Military Defense Strategy and National Security Strategy in 1999; the State Defense Council later adopted the National Military Defense Strategy on 2 October 2000. Lithuania's 1999 National NATO Integration Program established the following long-term goals for the future development of her armed forces:

- Introduction of command, control, and communications system,
- Development of military infrastructure,
- Development of logistics system,
- Development of air defense capabilities,
- Procurement of armaments and equipment,
- Enhanced military education and training, and the development of an organic system for such training, and
- Quality of life improvements.²⁵⁵

The next year's program foresaw little change in these goals in the near term. Successful achievement of these goals would certainly improve both the quality of Lithuanian armed forces and their ability to operate with NATO and Partner country armed forces.

3. Resource Issues

Lithuania is keenly aware of the need to allocate sufficient material, financial and human resources in order to meet the requirements of NATO membership. Lithuania has made significant progress toward this goal since 1999. The first major step was the adoption of the Law on the Funding Strategy for the National Defense Establishment in

²⁵⁵ NATO Integration Commission of the Republic of Lithuania, "Background Information on the Lithuanian National NATO Integration Program. 1999-2000."

January 1999. This law tied defense spending to GDP, and established spending levels for the coming years to reach the goal of 2 percent of GDP for defense by 2001. Furthermore, the long-term goals of this law call for raising defense spending to 2.2 percent of GDP if the economy continues to grow. In terms of long range planning, the Ministry of Defense embarked on a major program aimed at transforming Lithuania's planning and resource management system to enable it to cope with the pressures of NATO membership. The goals of this program are as follows:

- Improve performance throughout the government and at all levels of the defense system,
- Obtain the best value for money from scarce public resources,
- Improve transparency and subject annual budget estimates to public scrutiny, and
- Facilitate European integration and NATO membership.²⁵⁶

Finally, Lithuania is in the process of implementing a Planning, Programming, and Budgeting System that will help to facilitate these goals.²⁵⁷ Accomplishment of all of these goals would improve Lithuania's ability to allocate scarce resources.

4. Security Issues

Lithuania developed her system for safeguarding the security of classified information in 1994 when she signed an agreement with the Alliance for the protection of such material. In 1995, Lithuania adopted legislation regulating the protection of classified information, and the Law on State Secrets and their Protection has been in force since its adoption in 1997. Thus, Lithuania has established a solid framework of legislation related to the security of classified information. The major problem Lithuania has faced in this area has been in creating a system that is applied universally by every

²⁵⁶ ibid.

²⁵⁷ Ministry of Foreign Affairs of the Republic of Lithuania, "Fact Sheet – April 2001."

agency in the country. To address this issue, Lithuania adopted a new Law on State and Official Secrets in July 1999, and entered into force in January 2000, that amended all previous legislation to bring them into full compliance with NATO standards.²⁵⁸ In 2001, Lithuania planned to address the issue of security for communications and information systems.²⁵⁹

5. Legal Issues

Beginning in 1999, Lithuania underwent a process of analyzing her legislative framework for compliance with NATO's legal system. Preliminary analyses of NATO's founding treaties and agreements, to include the 1949 Washington Treaty and the 1951 Agreement on the Status of the North Atlantic Organization, revealed no fundamental differences between those documents and Lithuanian law. Three laws provide the foundation for Lithuania's cooperation with NATO – the Law on Fundamentals of National Security, the Law on Organization of the National Defense System and Military Service, and the Law on the Strategy of Financing. All are fully compliant with NATO legislation.²⁶⁰ In addition, by virtue of membership in the Partnership for Peace program, Lithuania has already signed a number of pertinent agreements dealing with cooperation, legal standards, training requirements, and rules on sharing information with NATO. Finally, Lithuania plans to complete her review of legislation and be in full compliance with NATO norms by the end of 2001.²⁶¹

²⁵⁸ NATO Integration Commission of the Republic of Lithuania, "Background Information on the Lithuanian National NATO Integration Program: 1999-2000."

²⁵⁹ Republic of Lithuania, "Executive Summary of Lithuania's Annual National Program: 2000-2001." Available [online]: <http://www.nato.int/pfp/lt/current/anp2001.html>.

²⁶⁰ Ministry of Foreign Affairs of the Republic of Lithuania, "Fact Sheet – April 2001."

²⁶¹ Republic of Lithuania, "Executive Summary of Lithuania's Annual National Program: 2000-2001."

E. CONCLUSIONS

Lithuania's path to independence, like all of the Baltic republics, was unique. Like her sister Baltic republics, Lithuania emerged from the Soviet era ill prepared to assume the duties and obligations of a modern nation state, but in contrast to Estonia and Latvia, Lithuania was a much more homogenous nation state than either of the other two. Consequently, Lithuania has been able to focus more single-mindedly on integration with Western Europe without having to address such issues as large ethnic minority populations, and how those populations affect relations with neighboring states. Despite her unique approach to her post-independence life, Lithuania has essentially followed the same dual track foreign policy as Estonia and Latvia.

Like Estonia and Latvia, Lithuania desires membership in both the EU and NATO. Lithuania values the stability and security that each of these institutions, in its own way, provides Europe. However, it is interesting to note that, despite claims to the contrary, the two institutions do not seem to carry the same importance for Lithuania. For example, Lithuania's government program for the years 2000 – 2004 states the Lithuania government "will not spare [any] effort" to prepare Lithuania for EU accession by 2004, while at the same time the government "will make much effort" to get Lithuania ready for NATO accession in 2002.²⁶² These two statements hardly seem to convey the same level of urgency.

The answer to this dilemma may lie in Lithuania's path to restored independence and her geographic location. Lithuania was neither as heavily colonized nor Russified as

²⁶² Ministry of Foreign Affairs of the Republic of Lithuania, "Action Program of the Government of the Republic of Lithuania for 2000 – 2004 Foreign Policy." Available [online]: http://www.urm.lt/data/5/ef1712296_action.htm.

the other two Baltic republics during the Soviet period. Consequently, even though forces within the Soviet Union and Russia opposed her independence, Lithuania has not faced the same sort of threats to her national existence that the others have. Indeed, Lithuania's post-Soviet success has been built primarily on the homogeneity of her society and the opportunities this provides. For example, Lithuania has been able to give ethnic minorities large amounts of autonomy and access to both politics and economics because of the relatively low threat they pose to Lithuanians. Geographically, Lithuania sits astride the land route – through Belarus – between the Russian Federation and that country's Kaliningrad Oblast. The position of this isolated exclave on Lithuania's southwestern border provides both an opportunity and a dilemma. By engaging Kaliningrad politically and economically, Lithuania hopes to create a stable trading partner capable of contributing to the economic strength of the region. At the same time, cooperative efforts with Kaliningrad provide Lithuania the chance to be in the forefront of efforts to engage the Russian Federation in these same areas.

Given these factors, it seems likely that Lithuania is focused more intently on EU accession. EU membership would likely be the best fit for Lithuania's policies of engagement with Russia and the Kaliningrad Oblast, and would be the least likely to enflame Russian suspicion as to the motives of Western integration. Lithuania is certainly more ready to join NATO than she is the EU, but it seems unlikely that any of the former Soviet republics will be asked to join the Alliance until all of the difficulties with Russia have been worked out.

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V. AN ASSESSMENT OF BALTIC PRIORITIES FOR WESTERN INTEGRATION

“Lithuania, Latvia, and Estonia have their own lives. They are, first of all, sovereign states with their own models of state administration and domestic policies. They had their own separate histories for centuries and were at times influenced by different factors. Again – needless to say – they have unique cultures which, among other things, include jokes about one another.”²⁶³

A. INTRODUCTION

The primary goal of this thesis has been to dispel the myth that the three Baltic republics – Estonia, Latvia, and Lithuania – are exactly alike and share the same vision for the future. By examining the domestic policy decisions that each of the three Baltic republics have made in conjunction with the membership requirements of the two most important Western European institutions, the European Union and NATO, this thesis attempted to show that very real differences do exist between the three. Each of the three republics has a different history. Each of the three became independent for the first time in 1918 under different circumstances. Each experienced the years of Soviet domination in different ways. Finally, each came to regain their independence in very different ways. All of these factors played an important role in their priorities toward Western integration.

Estonia, Latvia, and Lithuania declared the restoration of their independence in 1990, and after the recognition of that independence by the former Soviet Union in 1991, rejoined the Western world after nearly 50 years of Soviet domination and oppression. The world they found upon regaining their independence was very different from the one

²⁶³ Vygaudas Ušackas, Deputy Foreign Minister of the Republic of Lithuania, “European Union Enlargement and Finnish-Lithuania Relations,” Address at the symposium on EU Enlargement and Baltic Sea Security, 12 October 2000, Helsinki. Available [online]:

http://www.urm.lt/data/3/EF31014107_1012usac.htm.

they left in 1939, and they were ill equipped to retake their places in the family of nations. Hard work and a clear vision of their ultimate goals have led them to where they are today, on the verge of full integration with Western Europe's two most important institutions, the European Union and NATO.

1. Estonia

Estonia seeks membership in both the European Union and NATO as the best way to achieve her goals of security and stability. Membership in the European Union would provide the necessary economic and political stability for Estonia's continued economic growth, while membership in NATO would provide "hard" security guarantees that would allow her focus on that economic and political growth. Estonia's goals seem to be fairly simple, but in reality they are much more complex. Estonia is likely in a better position currently to join NATO, but the bulk of Estonia's efforts are currently focused on the adoption of the EU's acquis. In Estonia's case, the question is not what does she desire, but what can she achieve. The next round of NATO enlargement may begin as early as 2002, for which Estonia would likely be ready. Similarly, EU enlargement is not scheduled to begin until 2004, and there is no guarantee that Estonia will be ready even then, although Estonia is in the first group of accession candidates with whom the EU is negotiating.

Estonia's participation in NATO's partnership activities has formed a strong framework for the future of her defense forces and institutions. Her future goals are equally well defined, and are likely to continue to provide strong national armed forces. With respect to the EU, Estonia faces the difficult challenge of meeting all of the

requirements of the *acquis*.²⁶⁴ Meeting these requirements in time for accession in 2004 would require strong, consistent effort in all areas of the *acquis*. Estonia's efforts have not been consistent and large amounts of work remain in some areas.

Estonia's current government is fiercely aware of Estonia's history and her links to Europe. Based on this knowledge, the government has established Estonia's foreign policy priorities as security and stability. The EU and NATO are complimentary institutions that work together to fulfill this need. Each institution fulfills a distinct role, and membership in only one will not be acceptable. Membership in the EU provides the stability upon which NATO's military and defense guarantees rest, while NATO's guarantees offer the opportunity to pursue political and economic growth. Estonia seeks membership in NATO and the EU as two sides of the same coin. She seeks both at the same time, although most of her efforts are focused on the EU. Only time will tell what she will eventually achieve.

2. Latvia

In contrast to Estonia, Latvia met with strong opposition to her renewed independence from her former oppressor, Russia. Indeed, throughout her history, Latvia has had to fight for her independence. Upon regaining independence, Latvia chose to consolidate her position by fostering integration and inclusion at home. Latvia's ethnic Latvian population was not strong enough, to enforce its will over the entire country. Latvia's goal of integration and inclusion has been the most important factor in her

²⁶⁴ The *acquis communautaire* consists of all the principles, policies, laws, practices, and goals agreed upon and developed within the European Union, including case law which has resulted from decisions by the European Court of Justice; the *acquis communautaire* contains tens of thousands of different regulations, directives, archives, and decisions – each with binding characteristics – and a considerable volume of recommendations and opinions. For more information, see John McCormick, *Understanding the European Union: A Concise Introduction* (New York: St. Martin's Press, 1999), 108.

foreign and domestic policies, and the key to understanding her priorities for Western integration.

Latvia's focus for this inclusionary policy was the system of tools articulated by Foreign Minister Indulis Berzins in October 2000: sustained economic development, promotion of common values, and cultural pluralism and diversity. In particular, Latvia's attempts to fulfill the membership requirements of the EU have been heavily influenced by these tools. Indeed, Latvia has identified the EU as being the best and most complete path to the realization of her national interests and the preservation of her sovereignty.

Based on this designation of the EU, there would seem to be little room in Latvia's plans for NATO. This is not entirely true, and, in fact, Latvia does view NATO as a guarantor of stability and a check against uncertainty, and seeks membership in the Alliance. Despite these assertions, NATO accession appears to have taken a secondary role for Latvia. The deciding factor may prove to be Latvia's support for the European Security and Defense Identity (ESDI) and the Common Foreign and Security Policy (CFSP), concepts that could provide the same sorts of guarantees that NATO currently provides its members.

Thus, it is difficult to determine Latvia's foreign policy priorities toward NATO and the EU. Despite claims to favoring membership in both, Latvia's official statements and actions seem to point toward a greater affinity for the EU. Indeed, the EU seems to mirror more closely Latvia's quest for inclusion and integration at home, while NATO seems more exclusive than inclusive. Consequently, Latvia seems to be leaning most strongly toward EU accession as a top priority.

3. Lithuania

Like the other two Baltic republics, Lithuania's return to independence and her approach to Western integration have been unique. Lithuania's ethnic homogeneity put her in a better position to begin her quest for Western integration, while her geographic position imposed certain requirements for the conduct of her domestic and foreign policies. Despite her unique position and approach to Western Integration, however, Lithuania has essentially followed the same dual track foreign policy as Estonia and Latvia.

Like Estonia and Latvia, Lithuania desires membership in both the EU and NATO, and the stability and security that each, in its own way, provides. Like Latvia, however, the two institutions do not seem to carry the same importance for Lithuania. The answer to this dilemma may lie in Lithuania's history and geography. Lithuania was not heavily colonized or Russified by the Soviet Union, and consequently has not faced the same sort of threats to her national existence that the others have. Post-Soviet Lithuania has never had to fear being overwhelmed by ethnic minorities, or their parent nations. This homogeneity and the decision to include the minority populations in political and economic life have been key to Lithuania's post-Soviet success. Coupled with this factor has been Lithuania's ability to take advantage of her geographic position. By engaging the Kaliningrad Oblast politically and economically, Lithuania contributes to the overall stability and prosperity of the Baltic Sea region, and in bringing the Russian Federation closer to Europe. These efforts seem to fit more closely with the goals of EU integration than with NATO. Thus, EU membership would probably be the best fit for Lithuania's policies of cooperation and engagement.

B. FINAL ANALYSIS

In addition to addressing their integration priorities, this thesis also sought to answer a number of questions concerning the Baltic republics and their priorities for Western integration. For example, will it be possible to admit the Baltic republics singly, in pairs, or must they all be admitted together? Will all three of the Baltic republics be ready for admission when the call comes? How will the Russian Federation react to the admission of one or more former Soviet republics to Western institutions? It would be unrealistic to argue that the answers to these questions have been fully answered by this thesis, but they have all been addressed in some small part.

The possibility does exist to admit only one or two of the Baltic republics in the next round of enlargement. However, the Baltic republics themselves, along with some of their staunchest supporters, have decried this idea as promoting the re-establishment of dividing lines and gray zones in Europe. Furthermore, they argue, failing to admit all of the Baltic republics would be tantamount to giving tacit approval to Russia's oft-stated right to surround herself with a cordon sanitaire of at least nominally friendly states. NATO member states, in particular, would not fulfill this requirement. Only by admitting all of the Baltic republics at the same time can the indivisibility of European security be maintained. Thus, while rhetorically it might be possible to admit only one or two of the Baltic republics, in reality they may have to be admitted as a single bloc. This is somewhat ironic given their efforts to distinguish themselves as distinct actors in the last decade.²⁶⁵

²⁶⁵ This issue primarily refers to NATO accession. Russia strongly opposes admitting any or all of the Baltic republics to NATO, but has not expressed similar disapproval for their admission to the EU.

In terms of the Baltic republics' readiness for accession, it depends on which institution one is referring to. It is likely that all three republics will be ready to join NATO in 2002 should the Alliance decide to expand again at that time. The issue of readiness to accede to the EU is much more complicated. All three of the Baltic republics more or less currently fulfill the political and economic requirements of membership, but all are likewise unprepared to assume the obligations of the *acquis*. Each faces unique challenges in completing all of the work involved, and it is unlikely that all of the three will be in full compliance by 2004. The critical factor in this determination has little to do with determination, but more likely with time. All three of the Baltic republics show considerable desire to accede to the EU. However, they have only been working toward this goal, under the watchful eye of the EU, for less than a decade. Estonia began full accession negotiations in 1998, and Latvia and Lithuania began their negotiations in 2000. It is very likely that the enormous amount of work required to bring a candidate's legislation, sectoral policies, administrative system, and the like into compliance with the *acquis* simply can not be done in this short amount of time.

The issue of the Russian Federation is another important factor that must be addressed. As they have so often in the past, the Baltic republics find themselves in the middle of a debate raging between Russia and the West. On the one hand, the EU and NATO have acknowledged the desire of the three Baltic republics to become full member states. In the case of the EU, the Union has actively pursued this desire. NATO, however, has been somewhat less than exuberant in its pursuit of the Baltic republics, in part due to the difficulty of respecting Russian concerns and interests in the region. For its part, Russia would likely have little problem accepting the possibility of having three

additional EU member states on her western border. She already borders one EU member, Finland, and the trade possibilities produced by an extension of this border would likely outweigh any misgivings about the further loss of influence in these particular former Soviet republics. At the same time, Russia has repeatedly expressed her vehement opposition to the inclusion of Estonia, Latvia, and Lithuania in NATO. Despite claims to the contrary, NATO seems to have given tacit approval to this consideration.

What, then, can be said about the priorities of the three Baltic republics regarding integration with Western Europe? Perhaps the best that can be said is that each of the three is pursuing integration in its own interests and based on the framework of its historical legacy, its current situation, and its vision of the future. One thing is certain, the Baltic republics are not the same, and the rest of the world should not treat them as such.

APPENDIX. NATO MEMBERSHIP ACTION PLAN (MAP)

The following is the full text of the North Atlantic Treaty Organization's Membership Action plan. It describes, in full, the characteristics of the plan, the membership requirements for prospective members, and the appropriate implementation of those requirements.²⁶⁶

1. The door to NATO membership under Article 10 of the North Atlantic Treaty remains open. The Membership Action Plan (MAP), building on the Intensified, Individual Dialogue on membership questions, is designed to reinforce that firm commitment to further enlargement by putting into place a programme of activities to assist aspiring countries in their preparations for possible future membership. It must be understood that decisions made by aspirants on the basis of advice received will remain national decisions undertaken and implemented at the sole responsibility of the country concerned.
2. The programme offers aspirants a list of activities from which they may select those they consider of most value to help them in their preparations. Active participation in PfP and EAPC mechanisms remains essential for aspiring countries who wish to further deepen their political and military involvement in the work of the Alliance.
3. Any decision to invite an aspirant to begin accession talks with the Alliance will be made on a case-by-case basis by Allies in accordance with paragraph 8 of the Madrid Summit Declaration, and the Washington Summit Declaration. Participation in the Membership Action Plan, which would be on the basis of self-differentiation, does not imply any timeframe for any such decision nor any guarantee of eventual membership. The programme cannot be considered as a list of criteria for membership.

Implementation

1. The Membership Action Plan, which is a practical manifestation of the Open Door, is divided into five chapters. These chapters are:
 - I. Political and Economic issues
 - II. Defence/Military issues
 - III. Resource issues
 - IV. Security issues
 - V. Legal issues

²⁶⁶ North Atlantic Treaty Organization, "Membership Action Plan" in *The Reader's Guide to the NATO Summit in Washington, 23-25 April 1999*. Brussels: NATO Office of Information and Press, 1999

Within each, the MAP identifies issues that might be discussed (non-exhaustive) and highlights mechanisms through which preparation for possible eventual membership can best be carried forward.

The list of issues identified for discussion does not constitute criteria for membership and is intended to encompass those issues which the aspiring countries themselves have identified as matters which they wish to address.

2. Each aspiring country will be requested to draw up an annual national programme on preparations for possible future membership, setting objectives and targets for its preparations and containing specific information on steps being taken, the responsible authorities and, where appropriate, a schedule of work on specific aspects of those preparations. It would be open to aspirants to update the programme when they chose. The programme would form a basis for the Alliance to keep track of aspirants' progress and to provide feedback.
3. Meetings will take place in a 19+1 format in the Council and other bodies and in NATO IS/NMA Team formats as appropriate.
4. Feedback and advice to aspirants on MAP issues will be provided through mechanisms based on those currently in use for Partners, 19+1 meetings and NATO Team workshops. These workshops will be held, when justified, to discuss particular issues drawn from the MAP.
5. The NATO Team will normally be headed by the appropriate Assistant Secretary General, Assistant Director of the International Military Staff, Head of Office or his representative. The NATO Team will liaise closely with the appropriate NATO bodies regarding advice to aspirants. Relevant procedures will be refined over time as experience is gained. Aspirants should make requests in writing for workshops to ASG/PA. He will be responsible for the implementation of the Membership Action Plan and the scheduling of meetings under the overall direction and coordination of the SPC(R).
6. Each year the Alliance will draw up for individual aspirants a report providing feedback focused on progress made in the areas covered in their annual national programmes. This document would form the basis of discussion at a meeting of the North Atlantic Council with the aspirant country. The report would help identify areas for further action, but it would remain at the aspirant's discretion to commit itself to taking further action.

I. Political and Economic Issues

1. Aspirants would be offered the opportunity to discuss and substantiate their willingness and ability to assume the obligations and commitments under the Washington Treaty and the relevant provisions of the Study on NATO Enlargement. Future members must conform to basic principles embodied in the Washington Treaty such as democracy, individual liberty and other relevant provisions set out in its Preamble.
2. Aspirants would also be expected:

- a. to settle their international disputes by peaceful means;
- b. to demonstrate commitment to the rule of law and human rights;
- c. to settle ethnic disputes or external territorial disputes including irredentist claims or internal jurisdictional disputes by peaceful means in accordance with OSCE principles and to pursue good neighbourly relations;
- d. to establish appropriate democratic and civilian control of their armed forces;
- e. to refrain from the threat or use of force in any manner inconsistent with the purposes of the UN;
- f. to contribute to the development of peaceful and friendly international relations by strengthening their free institutions and by promoting stability and well-being;
- g. to continue fully to support and be engaged in the Euro-Atlantic Partnership Council and the Partnership for Peace;
- h. to show a commitment to promoting stability and well-being by economic liberty, social justice and environmental responsibility.

3. Moreover, aspirants would be expected upon accession:

- a. to unite their efforts for collective defence and for the preservation of peace and security;
- b. to maintain the effectiveness of the Alliance through the sharing of responsibilities, costs and benefits;
- c. to commit themselves to good faith efforts to build consensus on all issues;
- d. to undertake to participate fully in the Alliance consultation and decision-making process on political and security issues of concern to the Alliance;
- e. to commit themselves to the continued openness of the Alliance in accordance with the Washington Treaty and the Madrid and Washington Summit Declarations.

Implementation

4. Aspirants will be expected to describe how their policies and practice are evolving to reflect the considerations set out above (in paragraphs 1-2 above), and to provide their views on, and substantiate their willingness and ability to comply with other parts of the NATO "acquis", including the NATO Strategic Concept, the development of the European Security

and Defence Identity within the Alliance, the NATO-Russia Founding Act and the NATO-Ukraine Charter.

5. Aspirants would be expected to provide information on an annual basis on the state of their economy, including main macro-economic and budgetary data as well as pertinent economic policy developments.
6. Aspirants would be asked to provide a written contribution to the NATO Team, which would then be passed directly on to the Allies for their comments. After appropriate consultation in the Alliance, the NATO Team would then convene a meeting to discuss the contribution provided and relevant political issues. Such meetings would be held yearly; additional meetings could be convened upon mutual agreement.
7. An annual Senior Political Committee (Reinforced) meeting will be held to provide direct feedback from Allies to individual aspirants.

II. Defence/Military Issues

4. The ability of aspiring countries to contribute militarily to collective defence and to the Alliance's new missions and their willingness to commit to gradual improvements in their military capabilities will be factors to be considered in determining their suitability for NATO membership. Full participation in operational PfP is an essential component, as it will further deepen aspirants' political and military ties with the Alliance, helping them prepare for participation in the full range of new missions. New members of the Alliance must be prepared to share the roles, risks, responsibilities, benefits and burdens of common security and collective defence. They should be expected to subscribe to Alliance strategy as set out in the Strategic Concept and as laid out in other Ministerial statements.
5. Aspirants would be expected upon accession:
 - a. to accept the approach to security outlined in the Strategic Concept;
 - b. to provide forces and capabilities for collective defence and other Alliance missions;
 - c. to participate, as appropriate, in the military structure;
 - d. to participate, as appropriate, in the Alliance's collective defence planning;
 - e. to participate, as appropriate, in NATO agencies;
 - f. to continue fully to support PfP and the development of cooperative relations with non-NATO Partners;

- g. to pursue standardization and/or interoperability.

Implementation

- 3. The following measures are designed to help aspirants develop the capabilities of their armed forces, including by enhancing interoperability, to be able to contribute to the effectiveness of the Alliance and thus demonstrate their suitability for future membership. The measures build where possible on extant initiatives.
 - a. Aspirants will be able in accordance with existing PfP procedures to request tailored Individual Partnership Programmes to better focus their participation in PfP directly on the essential membership related issues. Within each IPP, certain generic areas would be marked as being essential for aspirants, and aspirants would be invited to give due priority to those areas of cooperation.
 - b. Annual Clearinghouse meetings for aspirants in a 19+1 format would be developed to help coordinate bilateral and multilateral assistance and maximise their mutual effectiveness to better assist them in their preparations for membership.
 - c. Within the general framework of the expanded and adapted PARP and in accordance with PARP procedures, planning targets specifically covering areas most directly relevant for nations preparing their force structures and capabilities for possible future Alliance membership will be elaborated with aspirants. Aspirants will undergo a review process on their progress in meeting these planning targets.
 - d. These planning targets will be established on the basis of consultations between each aspiring country and NATO and may be applied to any component of their force structures, rather than solely to their PfP-declared forces.
 - e. PARP Ministerial Guidance will include approaches and specific measures which aspirants might adopt, in the context of the MAP, to prepare their forces for possible future NATO membership.
 - f. The PARP Survey will be used for aspirants to seek more information and data in a number of areas, for example, general defence policy, resources, and present and planned outlays for defence.
 - g. As a sign of transparency, and in accordance with PARP procedures: aspirants will be encouraged to circulate individual PARP documents to other aspirants in addition to circulating them to NATO Allies; and aspirants will be encouraged to invite, in particular, other aspiring countries to participate in the review process on planning targets.

- h. Aspirants will be invited to observe and participate in selected, clearly defined phases of NATO-only exercises when Council decides to open these in accordance with current procedures. Priority consideration will be given to ensuring exercise effectiveness.
- i. Any future NATO facilities established for the assessment of Partner forces for NATO-led peace support operations and of Partner performance in NATO/PfP exercises and operations will be used to assess the degree of interoperability and the range of capabilities of aspirants' forces. If these assessment facilities are extended to encompass forces beyond those for peace support operations, they will be used to assist aspirants.
- j. Appropriate use may be made of simulation technology for training forces and procedures.

III. Resource Issues

- 3. New Alliance members would be expected to commit sufficient budget resources to allow themselves to meet the commitments entailed by possible membership. National programmes of aspirants must put in place the necessary structures to plan and implement defence budgets that meet established defence priorities and make provision for training schemes to familiarise staff with NATO practices and procedures in order to prepare for possible future participation in Alliance structures.
- 4. Aspirants would be expected upon accession:
 - a. to allocate sufficient budget resources for the implementation of Alliance commitments;
 - b. to have the national structures in place to deal with those budget resources;
 - c. to participate in the Alliance's common-funded activities at agreed cost shares;
 - d. to participate in Alliance structures (permanent representation at the NATO HQ; military representation in the NATO command structure; participation, as appropriate, in NATO Agencies).

Implementation

- 5. Through existing mechanisms, including those within PfP, possible internships and training sessions, and NATO Team workshops, aspirants upon request will be:
 - a. provided advice on their development of national structures, procedures and mechanisms to deal with the above issues and to ensure the most efficient use of their defence spending;

- b. assisted in training the staff needed to man those structures and work in and with NATO.

IV. Security Issues

- 3. Aspirants would be expected upon accession to have in place sufficient safeguards and procedures to ensure the security of the most sensitive information as laid down in NATO security policy.

Implementation

- 4. Appropriate courses may be made available, on request, to aspiring countries on Personnel, Physical, Document, Industrial Security and INFOSEC. Individual programmes for aspirants may be developed as warranted. The NATO Security and Special Committees may wish to meet with aspirants, whenever they judge it necessary or useful.

V. Legal Issues

- 0. In order to be able to undertake the commitments of membership, aspirants should examine and become acquainted with the appropriate legal arrangements and agreements which govern cooperation within NATO. This should enable aspirants to scrutinize domestic law for compatibility with those NATO rules and regulations. In addition, aspirants should be properly informed about the formal legal process leading to membership.
 - a. New members, upon completion of the relevant procedures, will accede to:

The North Atlantic Treaty (Washington, 4th April 1949)

- b. Upon invitation, new members should accede to:
 - i. The Agreement between the Parties to the North Atlantic Treaty regarding the status of their forces (London SOFA) (London, 19th June 1951)
 - ii. The Protocol on the status of International Military Headquarters set up pursuant to the North Atlantic Treaty (Paris Protocol) (Paris, 28th August 1952)
- c. It is expected that new members accede to the following status agreements:
 - i. The Agreement on the status of the North Atlantic Treaty Organization, National Representatives and International Staff (Ottawa Agreement) (Ottawa, 20th September 1951)
 - ii. The Agreement on the status of Missions and Representatives of third States to the North Atlantic Treaty

Organization (Brussels Agreement) (Brussels, 14th September 1994)

- d. It is expected that new members accede to the following technical agreements:
 - i. The Agreement between the Parties to the North Atlantic Treaty for the Security of Information (Brussels, 6th March 1997)
 - ii. The Agreement for the mutual safeguarding of secrecy of inventions relation to defence and for which applications for patents have been made (Paris, 21st September 1960)
 - iii. The NATO Agreement on the communication of technical information for defence purposes (Brussels, 19th October 1970)
- e. For possible eventual access to ATOMAL information, new members would be expected to accede to:
 - i. the "Agreement for Cooperation Regarding Atomic Information" (C-M(64)39 - Basic Agreement);
 - ii. the "Administrative Arrangements to Implement the Agreement" (C-M(68)41, 5th Revise);
- f. Domestic legislation of aspirants should, as much as possible, be compatible with the other arrangements and implementation practices which govern NATO-wide cooperation.

Implementation

- 2. NATO Team workshops will provide for briefings on legal issues and discussions on the steps that would have to be taken. Aspirants could provide information on existing legal arrangements and the steps that would have to be taken to accede to the agreements, including whether or not there are any constitutional/legal barriers to doing so.

Aspirants might also provide information on whether and how domestic legislation might impede immediate and full integration into Alliance activities. Exchange of information and experience on this issue could take place with all aspirants as appropriate.

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